



Daily Report

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Daily Report

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General

Reportage on Sentencing of Drug Offenders

Court Upholds Drug Conviction

OW2405015192 Shanghai People's Radio Network
in Mandarin 2300 GMT 22 May 92

[From the "Morning News" program]

[Text] In an open hearing on 22 May, the Shanghai Municipal Higher People's Court dismissed an appeal filed by an American drug offender, Gary Ohmert, who had been convicted by the Shanghai Municipal Intermediate People's Court for illegally possessing drugs and sentenced to a 15-year jail term and fined 10,000 yuan. The original verdicts of the Intermediate People's Court were upheld.

Ohmert, an American sports magazine freelancer, was arrested according to law by public security personnel on the evening of 18 December 1991 after he transferred more than 9,000 grams of marijuana hidden in the ceiling of a bathroom in Room No. 707 of a Shanghai hotel to a room in another hotel in the municipality where he was staying. Another 850 grams of marijuana were later recovered from within a food container he carried.

The Shanghai Municipal Higher People's Court also recently handed down final verdicts in three other criminal cases in which four foreigners were charged with smuggling, peddling, trafficking, and possessing drugs within Chinese territory by dismissing their appeals and maintaining the original sentences.

A spokesman for the Shanghai Municipal Higher People's Court on 22 May noted that the municipal people's courts are severely cracking down on drug smuggling and other criminal activities.

Shanghai Court Rejects Appeal

HK2405024492 Hong Kong SOUTH CHINA
MORNING POST in English 23 May 92 p 8

[By Geoffrey Crothall in Beijing]

[Text] The Shanghai High Court yesterday took just 15 minutes to reject an appeal by American Garry Ohmert to overturn a 15-year sentence and 10,000 yuan (about HK\$14,080 [Hong Kong dollars]) fine for possession of narcotics handed down by the city's intermediate court last month.

The rejection was based on an internal directive to the court defining more precisely what represented a "large amount" of hashish, according to Ohmert's defence lawyer, Mr Mao Baigen.

The directive specified that four kilograms or above constituted a large amount of hashish, Mr Mao said after yesterday's hearing. Ohmert was convicted of possessing 10.3 kilograms of the drug.

Earlier this month the Shanghai High Court rejected the appeals of four Europeans convicted of trafficking and possession of hashish, although the decision to reject the appeals took about four weeks after the initial appeal hearings.

The speed of yesterday's rejection, which followed a five-hour hearing, shows that China's judicial authorities have now clearly defined sentencing procedures for hashish and marijuana offences, Mr Mao said.

China's narcotics law, promulgated in December 1990, does not define minimum sentences for cases involving such soft or category "B" drugs.

Mr Mao said he expected the directive, which is currently classified as an "internal court document", will be made public and codified into law in the near future.

On Monday, the High Court upheld a 15-year sentence and a US\$3,000 fine (HK\$23,400) imposed by the Intermediate Court on Briton Lauchlan Campbell for transporting 7.9 kg of hashish.

The court earlier rejected appeals by Briton Robert Davies and Germans Werner Schmidt and Dieter Hauser, who were sentenced to 8 and 1/2 years in prison with a 10,000 yuan fine and eight years' imprisonment and fines of 10,000 yuan, respectively.

All four are still being held in Shanghai's No 1 Detention Centre but will be transferred to the Shanghai jail within two weeks.

A spokesman for the British Consulate in Shanghai said yesterday that Campbell had already paid his fine from money remitted from Britain.

But Davies, who had been living in the far western city of Kashgar for four years prior to his arrest, had so far been unable to come up with the cash.

Following yesterday's hearing, Ohmert appeared calm and resigned to his fate, telling his lawyer that at least the rejection of his appeal was consistent with the other four cases.

An official from the United States Consulate in Shanghai who attended the hearing said Ohmert appeared in better condition than at his first trial in March.

"He was noticeably more outgoing and energetic than at his first trial when he seemed very quiet and introverted," the U.S. official said.

Ohmert's appeal was based on the fact that the narcotics found in his possession were not his and had not harmed anyone in China or elsewhere.

Mr Mao also made the point that should Ohmert serve the full 15 years he would be 59 years old at the time of release making it difficult for him to find employment.

The consular official described the grounds for appeal as "extraneous to the case and rather unusual, to say the least".

But, he added, Ohmert had "nothing to lose" by making his appeal.

Court Convicts Foreigners

*HK2305024792 Beijing ZHONGGUO XINWEN SHE
in Chinese 1359 GMT 21 May 92*

[By reporter Yu Jun (0060 0193)]

[Text] Shanghai, 21 May (ZHONGGUO XINWEN SHE)—Five foreigners were punished for committing drug offenses in China according to the law. Shanghai Municipal Higher People's Court today published the ruling of the court of last instance on four foreign criminals that the decisions of the intermediate people's court would stand.

Lauchlan Campbell, British criminal, smoked marijuana in a railroad car with soft seats or berths of the 54th train from Urumqi to Shanghai on 30 July last year and was discovered by a train policeman. When the train pulled into Xuzhou Station, he had his ticket signed, got off the train midway, and was found by a policeman and brought to the waiting room. Twenty-six cloth parcels of marijuana that he concealed were seized.

Lauchlan Campbell, British criminal, sold approximately 3,000 grams of marijuana to Germans Werner Kurt Schmidt Dieter Hauser in Kashi city between June and July last year, was asked by these two Germans to dry it in the sun and press it into shapes, and gained drug trafficking and processing charges of 4,680 yuan Renminbi [RMB] therefrom. When Daiweisi put up at a hotel in Xinjiang with some 400 g of marijuana, he was found and arrested on the spot by the mainland police.

After Werner Kurt Schmidt and Dieter Hauser bought marijuana from Davis, British subject, they brought it to Shanghai in July. Afterwards, Schmidt took from Pujiang Hotel in the municipality some 1,000 g of marijuana deposited there by others. The marijuana bought from Daiweisi and the marijuana from Pujiang Hotel totaled 5,867 g. On 3 August at noon, these two German criminals carried 1,555 and 1,608 g of marijuana respectively to Shanghai international passenger transport wharf and as they were preparing to board the passenger vessel "Jianzhen" to smuggle this drug to Japan, they were discovered and arrested on the spot by customs personnel.

An American, Gary Ohmert was also punished for unlawfully possessing some 9,800 g of marijuana.

The Shanghai Municipal Higher People's Court rulings that the decisions of the Municipal Intermediate People's Court would stand include: British criminal Lauchlan Campbell was sentenced to 15-years imprisonment on a charge of drug trafficking and his property of \$3,000 was confiscated; British criminal Robert Davis was sentenced to imprisonment for eight years and six months and fined 10,000 yuan RMB on two charges of drug trafficking and unlawful possession of drug; German criminals Werner Kurt Schmidt and Dieter Hauser were sentenced to eight years' imprisonment and fined 10,000 yuan RMB on drug trafficking charges.

American criminal Ohmert was sentenced to 15-years imprisonment and fined 10,000 yuan RMB by the court of first instance. He appealed to the municipal Higher People's Court against the ruling. The Higher Court will open a session to hear this case in the near future.

GATT Readmission Prospects Said 'Bright'

*OW2605102792 Beijing XINHUA in English
0843 GMT 26 May 92*

[Text] Beijing, May 26 (XINHUA)—The prospects for China's re-admittance to the General Agreement on Tariffs and Trade (GATT) are bright, Vice-Minister of Foreign Economic Relations and Trade Tong Zhiguang said today.

He gave two reasons to support his optimism: China's sound economy and its efforts to deepen the reform of its foreign trade system, which, he said, "basically" conform to the GATT requirements.

As China will certainly greatly expand imports for its economic construction in the coming years, Tong said, it would be good for other countries as well as China to restore the GATT membership to the country.

There are both political and economic reasons for the fact that China has not yet regained its position as a signatory member of the GATT, though it re-applied several years ago, Tong said, adding that the economic sanctions imposed by western countries remain one of the political reasons.

A major economic reason, he went on, lies in the fact that China launched a retrenchment program in 1988 to cool down its overheated economy, which triggered the suspicion among some the western industrialized countries about China's determination to further its reform.

China has now reached the main goals of its retrenchment program and has decided to step up its reform and opening to the outside world, Tong noted.

According to him, participants at the 10th meeting of the China working group held in February this year acknowledged the Chinese Government's great efforts to improve the "transparency" of its foreign trade system and further open its domestic markets.

The vice-minister said that, though more foreign products will enter China when the country resumes its GATT membership, this will not harm the development of China's young industries, nor will the Chinese market be dominated by foreign goods.

Actually, he said, GATT regulations allow developing countries to protect their young industries. And the growth of China's young industries may well be sped up by the challenges of foreign products.

Official Urges Overseas Firms To Abide by Laws

HK2305030392 Hong Kong CHING CHI TAO PAO
in Chinese No 19, 18 May 92 p 20

["China economic news" article: "Ministry of Foreign Economic Relations and Trade Asks U.S.-Based Chinese Equity Companies To Obey Local Laws and Regulations"]

[Text] The Chinese Government has always maintained that Chinese equity companies or Chinese individuals engaged in economic and trade activities in other countries should abide by the laws and regulations of those countries. But because of their lack of sufficient understanding regarding the conditions and relevant laws and regulations of these countries, it is difficult to ensure that no infringement of the law will occur. At present, the Chinese Government is very concerned with the investigation and search conducted as well as the charges levelled by the U.S. Customs against a Chinese company based in the United States. The Chinese Ministry of Foreign Economic Relations and Trade has decided to educate the personnel of these companies and promptly correct any acts in violation of the laws. It will also ask them to strictly abide by the local laws and regulations in their future business activities.

U.S. To Reduce Europe, Korea Military Presence

OW2205162892 Beijing XINHUA in English
1529 GMT 22 May 92

[Text] Washington, May 22 (XINHUA)—The U.S. military will reduce its operations or close installations at 61 additional sites in Europe and two in South Korea, the Pentagon announced today.

The largest site affected in Europe is Peden Barracks in Wertheim, Germany, which is ending operations. Two other German sites, Pöhl Barracks in Amberg and Robinson Barracks in Stuttgart, are being reduced, the Pentagon said in a statement on its latest round of base cutbacks.

The European reductions will affect some 6,000 military personnel, 800 U.S. civilians and 2,500 local nationals.

The changes in South Korea, where operations will be ended or reduced at Songju and Camp Ames, will affect 246 military positions, six U.S. civilians and 257 local nationals, the Pentagon said.

The changes, part of the overall reductions in U.S. military forces planned by 1997, bring to 559 the number of military posts overseas at which operations will be reduced or ended, the Pentagon said.

U.S., CIS Nuclear States Sign START Accord

OW2405020792 Beijing XINHUA in English
0116 GMT 24 May 92

[Text] Lisbon, May 23 (XINHUA)—The United States and the four former Soviet nuclear republics signed an accord on the implementation of the Strategic Arms Reduction Treaty (START) here today.

After the signing by U.S. Secretary of State James Baker and foreign ministers of Russia, Ukraine, Byelorussia and Kazakhstan, the START treaty became a multinational document instead of a bilateral one.

The document was signed by U.S. President George Bush and former Soviet President Mikhail Gorbachev on July 31, 1991, in Moscow, after some nine years of negotiations.

Under the treaty, the Soviet Union and the United States will cut their strategic nuclear weapons by one-third over seven years.

In the wake of the breakup of the Soviet Union, it became unclear who should be responsible for the implementation of the treaty.

All strategic nuclear weapons in Ukraine, Byelorussia and Kazakhstan are to be transferred to Russia. The three countries have pledged to destroy offensive nuclear warheads on their soil within seven years, leaving Russia the only former Soviet republic possessing nuclear weapons.

XINHUA Views Meeting on Aid to CIS

OW2405125092 Beijing XINHUA Domestic Service
in Chinese 0853 GMT 22 May 92

["News analysis" by XINHUA reporter Chen Jiaying (7115 1367 3892)]

[Text] Lisbon, 21 May (XINHUA)—A coordination meeting on aid to the Commonwealth of Independent States (CIS) will be held 23-24 May in Lisbon, capital of Portugal. Although preparations were made earlier by all parties concerned, various signs show that it will be a difficult coordination meeting.

The Lisbon meeting is the continuation of the Washington meeting held in late January 1992, but the scale of the Lisbon meeting will be larger with the participation of foreign ministers or representatives from some 70 countries. In addition, leaders of 10 international organizations will also take part in the meeting.

It was learned that the Lisbon meeting will emphatically discuss and adopt a technological assistance plan. According to the plan, during the next three-five years,

members of the CIS will be provided with many kinds of Western knowledge in order to help them operate a market economy, manage government units, and acquire technological means for further promoting the current political and economic reform.

A document formulated by the EC says the purpose of the Lisbon meeting is to summarize the situation of implementing plans of providing various kinds of assistance to the CIS, including food, medicine, housing construction, energy, and technologies, and make adjustments for that assistance. Meanwhile, the meeting will also try to solve the problem of imbalances in contributions by various countries that provide assistance. The document emphatically points out that the type of Western aid should be changed from urgent humanitarian assistance to medium-term assistance, with the stress on technological assistance.

According to a concerned person from Portugal, which holds the current EC presidency, the Lisbon meeting may formulate a political frame in which the United States and Japan will increase their share of assistance. Meanwhile, the meeting will seek a relatively balanced distribution of the burden among countries providing assistance to the CIS.

Public opinion here generally hold that during the session of the Lisbon meeting, the EC, the United States, Japan, and Russia will sign an agreement on formally establishing an international scientific and technological center with a view toward preventing nuclear experts of the former Soviet Union from being absorbed by the Third World and thereby constituting a threat to the security of the West.

The focal point of the Lisbon meeting is to coordinate the complicated relations between countries receiving assistance and countries providing assistance.

1. There is a relatively big gap between the economic and financial capability of the Western countries and the requirements of the CIS, and a disparity between the conditions set by the Western countries for providing assistance and the CIS political, economic, and social situation.

According to the demand of various regions of the former Soviet Union, it will need as much as \$140 billion in aid over the next four years. However, economic conditions of the United States and Germany are not good at present, and they are unable to do what they want to do; meanwhile, Japan has repeatedly stated that it will not consider the question of providing massive aid if the issue of the northern territories is not settled. At present, the political situation of various CIS members is still not stable and their economic conditions are steadily deteriorating. The recent meeting of G-7 finance ministers has expressed concern over this situation. In Western countries, there are now quite a few people who take a prudent or even doubtful attitude toward aiding the CIS.

2. In aiding the CIS, the Western countries have frictions among themselves as well as common interests.

According to EC statistics, EC direct aid and export credits given to the CIS account for 76 percent and 65 percent of the total direct aid and export credits, respectively. The EC complained that the United States and Japan provide too little, and the EC plans to increase pressure at the Lisbon meeting to force the United States and Japan to increase their shares of assistance so as to reduce their own burden.

3. The CIS countries also intensified their dissatisfaction over inequality in receiving assistance. Western aid currently concentrates on Russia; in addition, most aid for other regions of the former Soviet Union also passes through Moscow. Members of the CIS other than Russia have expressed their dissatisfaction one after another. They have clearly expressed their hope that this matter will be dealt with in a serious manner.

Therefore, coordinating the abovementioned relations will be a difficult subject at the Lisbon meeting.

Israeli Deputy Minister Interviewed on U.S. Ties

OW2205130092 Beijing XINHUA in English
1226 GMT 22 May 92

[By Li Hongqi]

[Text] Jerusalem, May 22 (XINHUA)—Israel and the United States would maintain their strategic relations despite the dramatic changes in the world and regional situations, said deputy minister Binyamin Netanyahu.

In an exclusive interview with XINHUA Thursday, Netanyahu asserted that bilateral ties between Israel and the United States would not be affected by government changes.

Both Israel and the United States are preoccupied with nationwide elections. Governments might change, but traditional Israeli-U.S. relations will not, Netanyahu believed.

Despite the end to the Cold War, there is still a great danger not only for Israel and the Middle East, but also for the whole world, the former ambassador to the United Nations said.

"There are many small regimes acquiring means of massive destruction," Netanyahu asserted, signaling out Iraq, Syria and Libya, three regional countries most hostile to Israel.

"Who will be the regional counterweight against well armed Iraq, or Syria, or Libya? There is only one answer, it is neither Bahrain, nor Saudi Arabia, but Israel," the deputy minister said.

"Israel's importance has not been diminished but has merely transferred from one way to another," he concluded.

He said that any Israeli Government elected by the people would seek friendship with the United States, but not at the expense of Israel's vital security interest.

He made the remarks after Israel protested against the United States for its renewed support for U.N. Resolution 194 which calls for the right of return of Palestinian refugees, Washington felt impelled to clarify later that U.N. Security Council resolutions 242 and 338 could be the only basis for peace negotiations.

Netanyahu welcomed the U.S. move, while urging Washington to go farther to withdraw support for other "unjust" U.N. resolutions.

The deputy minister also rejected the European Community's demand for a full participation in the arms control multilateral talks, urging the EC countries to stop arms export to the Middle East region "before anything else."

But he refused to comment on the EC's threat to bar Israeli long-cherished integration with the European economic space and the implementation of economic cooperation agreements reached with the Jewish state.

The deputy minister, also Israeli spokesman for the Arab-Israeli peace talks, said that the Israeli negotiating team will continue to work on the municipal election plan in the next round of peace talks scheduled for Rome. No date has been set for the new negotiations, the sixth round since October.

The Palestinian side did not reject the Israeli proposal put forward in Washington last month, but insisted that general elections should come first in the occupied territories.

Israel described the plan as the first step toward Palestinian autonomy, but it still falls far short of a Palestinian demand for the establishment of a Palestinian state.

Netanyahu said that granted autonomy the Palestinians in the territories could choose their own representatives, conduct their daily life like the Israelis, but the foreign and defense affairs should remain under Israeli rule.

Franco-German Army Arouses U.S., UK 'Fears'

OW2505080792 Beijing XINHUA in English
0707 GMT 25 May 92

[Text] Bonn, May 24 (XINHUA)—At their 59th summit in the French city of La Rochelle on May 21-22, German Chancellor Helmut Kohl and French President Francois Mitterrand announced that the two countries would form a joint army corps.

This move aroused the fears of the United States and Britain that the joint military force might undermine the effectiveness of the North Atlantic Treaty Organization, while France and Germany reasoned that without a common defense, a unified Europe would be incomplete.

They said the European corps, with the Franco-German Army Corps as its nucleus, would be joined by other member nations of the Western European Union. Under the Franco-German plan, the European corps will be set up before October 1995.

Belgium, Spain and Luxembourg have shown their willingness to join the Franco-German Army Corps. Italy was said to be interested in it too.

Mitterrand believed that forming the joint army corps was the beginning of realizing the security and defense policy of the European Community.

Kohl told the reporters that "what we are doing now is just what the United States has been hoping for over the past 40 years," that is, for the common security and defense integration in Europe.

However neither the United States nor Britain thinks this way.

The United States feared that it would be squeezed out of Europe if a defense structure came into being in the continent. Therefore it accused Franco-German corps of rivaling against the NATO.

The United States was particularly disgruntled with France, which has long alienated itself from the U.S., saying that it was practising "a destructive nationalism."

With a view to keeping its position as a big power in Europe, Britain naturally cried over France and Germany's endeavor to dominate the European defense.

France and Germany proposed formation of the joint army corps last October. They planned to build the corps on the basis of the 5,000-strong Franco-German Joint Brigade, set up in 1988.

Local newspapers reported that besides the brigade, the army corps will also have a mechanized German division and an armored French division stationed in Trier, Germany since World War Two. The headquarters is based in Strassburg, France.

The corps has three missions: Defense of the NATO member nations; taking part in U.N. peacekeeping operations and humanitarian assignments.

Formation of the corps signalled that the military cooperation between Germany and France had stepped into a new period. But the two countries harbored different aims in setting up the corps.

By creating the corps, France attempted to acquire a political justification of its long-term military presence in Germany, while Germany tried to conceal its ambition to become new European power through cooperation with France.

Moreover, the two countries are different in how to use the army corps.

In the peacetime, the French part of the corps is commanded by France, and the German force by both the corps and the NATO.

During the wartime, the corps would be controlled by the NATO. Observers here held that it might mean France's renewed inclination toward NATO's military integration.

What is more, the German Army's military operation, according to the Germany's Basic Law (Grundgesetz), should not go beyond the Atlantic alliance.

As German newspaper FRANKFURTER ALLGEMEINE commented on May 23, the tasks of the army corps were still unclear and many issues had yet to be clarified.

The only thing clear, the commentary said, was that Bonn would keep on debating over the corps, while quarrels with the Americans would also continue.

United States & Canada

Daily Urges U.S. 'Restraint' on Nuclear Testing

HK2305054392 Hong Kong TA KUNG PAO
in Chinese 23 May 92 p 2

["Political Talks Column" by Shih Chun-yu (2457 0689 3768): "The United States Should Primarily Show Restraint on the Nuclear Test Issue"]

[Text] The Number of China's Nuclear Tests Is the Fewest

China conducted an underground nuclear test in Xinjiang area the day before yesterday. Regarding the recent nuclear test, China has handled it in a low-key manner, refraining from propagating the event in a big way. Of course, there was no secrecy about it to speak of; any underground nuclear test at any locality can be monitored and logged overseas so long as it boasts certain explosive force. The Hong Kong Observatory recorded a seismic wave from China's Northwest on the very afternoon of the explosion, and a Swedish organ promptly determined that it was a nuclear test. The Chinese Foreign Ministry spokesman verified the nuclear test when answering reporters' questions.

Since China's first successful nuclear explosion test in 1964, it has conducted some 30 nuclear tests one after another over the past 30 years or so, with greater frequency at the initial stage, and such tests have been conducted at several-years intervals of late. As of today, the number of tests has been the fewest of the five countries possessing nuclear weapons. It is insignificant compared with the United States, which has a record of having conducted some 900 nuclear tests. Therefore, we can see that all along China has exercised great restraint in its nuclear testing.

When U.S. State Department spokesman Richard Boucher required China, which has only conducted

30-some nuclear tests, to show restraint, while saying nothing about the approximately 1,000 U.S. nuclear tests, it made no sense. Boucher even banked on the explosive strength in China's nuclear testing, saying that it exceeded the scope in the agreement between the United States and the former Soviet Union. That is absurd. China has never participated in that U.S.-USSR accord, furthermore, the United States and former Soviet Union had each conducted numerous powerful nuclear explosive tests and each built her own nuclear arsenals, which are capable of destroying the earth several times, before they decided to reduce the scope of underground nuclear tests through negotiation. Today, the general explosive force of the nuclear arms in U.S. possession is more than 100 times stronger than China's recent limited nuclear test. This being the case, the United States should be the first to show restraint.

Working Hard To Ban Nuclear Tests in a Comprehensive Way

While verifying China has conducted a nuclear test, the Chinese Foreign Ministry spokesman reaffirmed China's persistent stand, indicating that all countries should realize the goal of banning nuclear testing in a comprehensive way within the range of effective nuclear disarmament.

Since its first successful nuclear test, China has guaranteed that it will never be the first to employ nuclear weapons at any time. China will not produce voluminous nuclear weapons that would pose threats to other countries. China already participates in the nonproliferation treaty, which bans the transfer of nuclear weapon technology to other countries.

The United States has always attached importance to the military deterrence of nuclear weapons, while paying special attention to such potentials of other countries. The United States has, for a long time, refused to make a commitment refraining from being the first to employ nuclear weapons; it has, for a long time, adopted a policy of "neither acknowledging nor denying" whether or not her Armed Forces stationed at foreign bases are equipped with nuclear weapons so that U.S. Armed Forces may pose the greatest threat under the condition of being unfathomable.

Some Science and Technology Can Be Applied to Peaceful Purposes

In the development of nuclear science and technology, China has in recent years paid greater attention to their peaceful utilization. China boasts a contingent of scientists and technicians of nuclear industry, a complete nuclear industrial system, and a tight nuclear-safety monitoring system, with quite significant accomplishments. Today, Guangdong, Jiangsu and Shanghai are planning to build nuclear power plants. Some experts suggest augmenting overall planning and developing nuclear power plants with concentrated strength.

True, nuclear explosive test and nuclear power are two different kettles of fish. But some advanced science and technology can be applied to both purposes. That is conducive to improving China's economic competitiveness and is vitally important to the country's security. Those "overlapping" science and technology are worthy of development with concentrated strength. Earlier, some people from the State Commission of Science, Technology and Industry for National Defense suggested placing key technology for economic and defense purposes on a single listing in the state plan for the research and development of new hi-tech projects to promote the improvement in comprehensive national strength. This is a good idea with successful precedents overseas.

Editorial Criticizes U.S.-Haitian Refugee Policy

HK2605033292 Hong Kong SOUTH CHINA
MORNING POST in English 26 May 92 p 16

[Editorial: U.S. Motto: do as we say, not as we do]

[Text] Turning back Haitian refugee boats at sea exposes the United States to ridicule for applying double-standards in its own interest. Yesterday's announcement of a decision by President George Bush to order U.S. Coast Guard vessels to prevent the boats from landing on American soil will be seen as hypocritical, as well as unjust and inhumane.

Despite the political violence which continues to rock Haiti, the latest bit of "not-in-my-back-yard" politics will see would-be refugees being rejected without the chance to undergo screening.

The banal excuse offered by Mr Bush was that the refugee camp at the U.S. naval base at Guantanamo in Cuba is "filled to capacity." Too many boat people and not enough space is a familiar problem in Hong Kong, yet the territory has enjoyed little sympathy from the U.S. administration when suggesting that mandatory repatriation is the only solution to the problem.

Never mind that 9,000 of the 34,000 Haitians picked up by the United States so far have been screened in as bona fide refugees with a genuine fear of persecution, while another 12,000 still await screening at Guantanamo—those turned away will simply not be given the chance to ask for asylum. They will not even be allowed to enter U.S. territorial waters, because once inside, Washington is bound by international law to pick them up and take them to safety. Their boats will be unceremoniously boarded and put back on course for Haiti. When Singapore and Malaysia adopted similar policies towards the Vietnamese, they were condemned.

Holier-than-thou lectures from Congressmen and Senators about the immorality of returning economic migrants to a repressive Communist regime now sound somewhat hollow. Only last March, when Haitians screened out at Guantanamo were already being returned against their will, the U.S. Co-ordinator for Refugee Affairs, Mrs Jewel Lafontant-Mankarious

accused Hong Kong of going beyond the Comprehensive Plan of Action, but refused to accept any parallel with Haiti, where democratically elected President Jean-Bertrand Aristide was overthrown by a bloody military coup last September.

Hong Kong reaction will be suitably indignant, but two wrongs do not make a right. However justified the orderly return to Vietnam of screened-out economic migrants, Hong Kong can only claim the moral high ground if it is sure its own behaviour towards asylum-seekers is beyond reproach.

Embassy Refutes POST Editorial's Accusations

OW2405185792 Beijing XINHUA in English
1848 GMT 24 May 92

[Text] Washington, May 24 (XINHUA)—The Chinese Embassy here today refuted the accusations against China made by THE WASHINGTON POST over what was called the "incident in Beijing."

The "incident" refers to the lawful search of POST reporter Lena Sun's office in Beijing on the afternoon of May 17.

Press Counselor Chen Guoqing of the Chinese Embassy wrote in an article, published in THE WASHINGTON POST today, that a serious and responsible editor is supposed to give the American public, who may not know what actually happened in Beijing on May 17, a true and complete picture of the incident and support his or her arguments with nothing but facts.

However, he pointed out in the article, "the POST, in its May 19 editorial, left out the most important and sensitive part of the incident: during the lawful search of the office of POST reporter Lena Sun, officers of Beijing State Security Bureau found more than 10 confidential documents she had illegally obtained."

Chen's article also gave the following facts: during the search, a Chinese state security officer issued a serious warning to Lena Sun, pointing out that she had been "engaged in activities incompatible with her status as a foreign correspondent in Beijing, and that what she had done violated China's law." The officers recorded and confiscated those documents in the execution of law. Lena Sun signed on the list of the documents.

"I really cannot understand how Lena Sun's activities could be interpreted by the POST editorial as 'having merely sought to move beyond official constraints and to work in the familiar and necessary Western professional style'," Chen noted.

"Does the POST really believe that to obtain illegal documents is 'Western professional style'?" Chen asked in retort.

The Chinese Embassy official stated that all Chinese and foreign residents in China must abide by Chinese laws and regulations, just as all Americans and foreign

nationals here should obey the U.S. laws. "Lena Sun should not be above law, should she?"

Replying to POST editorial's allegation that "the Chinese authorities were acting in an outrageous and unjustified way," Chen simply quoted what Lena Sun herself reported from Beijing on May 17: "the police were, on the whole, courteous, and quite concerned about following strict procedures."

Chen also stated in the article that contrary to the allegations contained in the POST editorial, the Chinese Government always protects, according to law, the legitimate rights and interests of foreign correspondents in China and renders them facilities for their normal news coverage and reporting activities.

He assured foreign correspondents in China that they will not run into trouble or unpleasant situations as long as they abide by Chinese laws and regulations.

Official: U.S. Market Access Talks 'Helpful'

*OW2305150692 Beijing XINHUA in English
1453 GMT 23 May 92*

["China-U.S. Market Access Talks Productive, Vice-Minister"]

[Text] Beijing, May 23 (XINHUA)—The seventh round of China-U.S. negotiations on market access is helpful towards the signing of an understanding memorandum in the field, said Tong Zhiguang, vice-minister of foreign economic relations and trade (MOFERT) today.

"Both sides, through detailed discussions of existing differences, have made another step forward to the signing of an understanding on the issue," said Tong, who is the head of the Chinese delegation to the talks which ended Friday.

The U.S. delegation to the two-day talks was led by Assistant U.S. Trade Representative Joseph Massey.

Some differences between the two sides still exist, Tong noted, but they are "not that big" and some of them are only differences in expression.

According to him, China and the United States, after six rounds of negotiations on market access, have made each other's viewpoint clear and begun to discuss a draft understanding memorandum. This time, they concentrated on transparency in China's foreign trade system, import licensing, import bans and tariffs.

While persisting to use the terms regulated by the General Agreement on Tariffs and Trade to discuss "transparency", Tong told XINHUA the Chinese this time gave the U.S. side a list of products that no longer need import licensing and the names of over 50 import categories whose tariffs are to be reduced.

"We hope these terms would be accepted by the U.S. side," he added.

The U.S. delegation only promised to discuss the matter with the American industrial circles and give the answer in two months, though it acknowledged that the China's efforts are "positive," Tong said.

In their discussions about import bans, control and quotas, the U.S. side "strongly" asked China to further relax restrictions in the field and gave the Chinese a list of products.

But according to Tong, quite a number of the products on the list which were banned from imports are not so any more because some temporary regulations made by central departments or local governments during the retrenchment program starting from 1988 are out of date or no more effective.

However, he said that China is willing to study the U.S. demands and answer them "after the U.S. side gives an active response to the Chinese suggestions for the issue."

He said that the Chinese Government has always been sincere, co-operative, and practical in talks with the United States on the market access issue. And since the April last year when the first round of negotiations begun, China, in line with its deepening reforms, has made great efforts in the field and taken a series of measures to expand imports. It abandoned the imports adjustment tax, reduced tariffs on some 225 items of imported goods and publicized some regulations and documents made since 1979.

Tong said he hopes that in the next round both sides will continue to seriously discuss differences on the basis of the draft understanding memorandum and not extend the range of discussion.

Further Report

*HK2505034592 Beijing CHINA DAILY in English
25 May 92 p 1*

[By staff reporter Wang Yong: "U.S. Trade Talks Yield Progress But No Deal"]

[Text] A top Chinese trade official has described the just-ended round of Sino-U.S. talks on China's market access "very fruitful," but reservations persist on both sides.

Progress was made toward signing a memorandum of understanding on market access, said Tong Zhiguang, Vice Minister of Foreign Economic Relations and Trade, who headed the Chinese group.

The talks, held in Beijing May 21 and 22, constituted the seventh round of talks the two sides have held on market access issues.

"We had in-depth discussions about certain issues—on which we had disagreed earlier—in a positive fashion," said Tong.

While U.S. trade delegates said they recognized the constructive efforts of their Chinese counterparts, they weren't prepared to come to any agreements yet. They

said they would make a formal reply within two months after consulting with U.S. industrial and commercial circles.

The talks focused on such concrete issues as the visibility of China's policy-making and rules related to trade, China's import licencing, its ban on certain import items and its imposition of import tariffs.

On the first issue, Chinese officials say they will comply with the spirit of the General Agreement on Tariffs and Trade (GATT).

Also, Chinese delegates submitted to the U.S. a list of commodities for which import licences will be phased out as well as a list of 50 commodities whose import tariffs are expected to be trimmed.

But U.S. delegates clearly were looking for more. They demanded less control on such matters as import quotas from the Chinese side.

They submitted to Chinese officials a list of commodities they think fall into the category of being under too-strict control by the Chinese.

"However, the bulk of the controls they mentioned were temporary ones instituted during China's austerity period after 1989," Chinese officials said. "Most of them are already outdated or have been abolished."

Chinese officials said they are ready to give U.S. officials formal replies on questions about China's import controls once they get a "positive answer" from the U.S. on China's earlier proposals.

Tong said China has adopted an "honest, co-operative and down-to-earth attitude" in talks with the U.S., and made "great efforts" to push forward economic reforms.

Since last April when the two sides launched the first round of talks on China's market access, Tong said, China has reduced import tariffs on 225 commodities, abolished import regulatory taxes and publicized certain foreign trade regulations and documents.

Bush Renews Pledge for MIAs on Memorial Day

*OW2505163292 Beijing XINHUA in English
1535 GMT 25 May 92*

[Text] Washington, May 25 (XINHUA)—U.S. President George Bush marked the U.S. Memorial Day today by renewing his pledge to do "all that is humanly possible" to get a full accounting of the American servicemen still missing in action (MIA) during the Vietnam war.

In a radio address to the nation from Kennebunkport, where he is spending holiday weekend, Bush said "we must renew our commitment to accounting for those whose fate is still unknown."

"We pause to remember, to think about the meaning of the loss of brave men and women who did not return from the battle," Bush said.

The United States lists 2,266 servicemen as unaccounted-for in Indochina. Most are believed to be dead but there have been periodic reports of Americans being spotted alive long after the war ended in 1975.

Bush's comments about MIAs comes as Vietnam is increasing its cooperation with U.S. searching teams in locating and identifying the U.S. missing military personnel.

While insisting that a full accounting of MIAs is a precondition for the removal of U.S. economic embargo and the establishment of full diplomatic relations with Vietnam, the U.S. Administration eased its economic embargo on Vietnam last month by allowing commercial sales to meet Vietnamese basic human needs.

The change allows for the sale of such items as medical supplies, medicines, food, farm machinery, pesticides, building materials, books and generators.

It also lifted restrictions on allowing U.S. private groups and non-profit organizations to operate in Vietnam.

The changes were made shortly after a Senate delegation visited Vietnam and received broad cooperation from the Hanoi Government.

Justice Official Links Riots, 'Economic Despair'

*OW2305180892 Beijing XINHUA in English
1547 GMT 23 May 92*

[Text] Washington, May 23 (XINHUA)—U.S. Associate Attorney General Wayne Budd said Friday the Los Angeles riots that left 52 people dead were sparked mostly by economic despair, not race.

Speaking at a meeting of the organization for a new equality, an economic group for women and minorities in Boston, Budd said, "problems of class, not race, constituted most of the tensions that led to the riots."

Wayne is now heading a grand jury investigation to determine if the four white police officers acquitted in the Rodney King beating case could be charged with federal civil rights violations.

The acquittals of the officers in the videotaped beating of King, a black motorist, touched off the worst rioting in the United States for more than 75 years.

Budd said the American media coverage of the violence gave Americans a false idea that blacks in Los Angeles were out to hurt whites.

But in fact, of about 8,700 riot-related arrests in Los Angeles, more than half were Hispanics, 15 percent were white and the rest were black, he said.

He said 40 percent of those arrested had prior criminal records, while a third were on parole or probation.

Central Eurasia

Russia Reduces Military Presence in Kurils

OW2305023692 Beijing XINHUA in English
0229 GMT 23 May 92

[Text] Moscow, May 22 (XINHUA)—Russia's intention to reduce military presence on the southern Kuril Islands and the possibility of pulling out all its troops from there eventually has nothing to do with territorial demarcation, a Russian Foreign Ministry spokesman said today.

He said the idea was out of the consideration to cut back surplus military presence on these islands, known in Japan as the four northern islands.

Russian President Boris Yeltsin said his country planned to decrease troops on the islands during his meeting with Japanese Foreign Minister Michio Watababe early this month.

Some Japanese see the move as a step towards Russia's return of the four small islands off Hokkaido to Japan.

It was in reference to this view of the Japanese that the Russian spokesman made the statement today.

The state secretary for the Russian president, Gennadiy Burbulis, said today that Russia had begun to work out a long-term plan for developing Russo-Japanese relations in preparations for Yeltsin's visit to Japan in mid-September.

Heilongjiang, Russia Signs Trade Talks Summary

SK2605083992 Harbin HEILONGJIANG RIBAO
in Chinese 26 Apr 92 p 1

[By reporter Yang Tianzhu (2799 1131 5511) "Our Province Signs a Summary of the Talks With Chita Oblast"]

[Text] On the evening of 25 April at the Huayuncun guesthouse, Vice Governor Du Xianzhong and Chairman Ivanov [as transliterated], signed their names to the summary of talks held between the provincial people's government and the Government of the Chita Oblast of Russia

In the summary, both sides contend that efforts should be made to adopt measures to broaden the trade field; to deal with the existing issue of favorable trade balance; to maintain the trade balance; to put the transportation of trade on their governments' the transport plan; to actively expand transportation along waterways and on the sea; to open new ports for the delivery of goods; to solve the problems that are restricting the development of trade; and to actively explore comprehensive compensation and particularly to ensure the economic benefits to both sides through account settlement by banks on both sides.

In the summary, both sides said that their government should support the economic and trade cooperation of

their own enterprises; give guarantees to enterprises in the fields of goods resources, transportation, and import and export licenses; and should supervise these enterprises in trade operations. The Russian side put forward projects for building an international trade center and developing or building copper mines in Chita oblast and the Chinese side said that it was very interested in these projects and will dispatch a fact-finding delegation to Chita oblast in the near future.

In the summary, both sides said that they are willing to make positive efforts to open an air route between Harbin city and Chita oblast as soon as possible.

Attending the signing ceremony was Wang Zongzhang, assistant to the province's governor and chairman of the provincial economic commission.

Northeast Asia

Reportage on NPC Chairman Wan Li's Japan Visit

Cao Zhi Views Trip

OW2305095292 Beijing XINHUA in English
0739 GMT 23 May 92

[Text] Beijing, May 23 (XINHUA)—Chairman Wan Li's upcoming Japan tour is another important visit to that country by Chinese leaders and also an important activity in the celebrations for the 20th anniversary of the normalization of Sino-Japanese diplomatic relations.

This remark was made by Cao Zhi, deputy secretary-general of the Standing Committee of the National People's Congress (NPC) in an interview with XINHUA here today.

Cao said, "We believe the coming visit to Japan by Chairman Wan Li will further promote the development of Sino-Japanese relations in a healthy way."

Wan Li, chairman of the NPC Standing Committee, is to pay an official goodwill visit to Japan from May 25 to June 1 at the invitation of Speaker Sakuruchi Yoshio of the House of Representatives and President Yuji Osado of the House of Councillors of the Diet of Japan. Cao will be among those accompanying Wan Li on the visit.

Cao said China and Japan are close neighbors and their relations have been considerably developed since the normalization of their diplomatic relations two decades ago.

The total volume of their bilateral trade last year reached 22.8 billion U.S. dollars-worth, this was a 25.5 percent increase than that in 1990 and 22 times of that in the year of 1972 when the two countries established their diplomatic relations, Cao said. He estimated that the bilateral trade volume would reach 27 billion U.S. dollars this year.

He said China is now grasping every opportunity to speed up its reform and opening to the outside world,

and concentrating its strength to push forward its economy in accordance with Deng Xiaoping's theory on the building of socialism with Chinese characteristics.

Therefore, Cao went on, a peaceful international environment is important for China to strengthen its exchanges and co-operation with various countries on the basis of equality and mutual benefit and draw on the experience of advanced foreign countries, capitalist countries included.

The development of Sino-Japanese relations and ensuring that the Chinese and Japanese people will be friends for generations to come conform to the interests of China and Japan and their peoples, and will also be a contribution to peace and stability in the Asia-Pacific region and the world as a whole, Cao said.

He noted that frequent friendly exchanges between the NPC and its standing committee and the Japanese Diet "are of great importance for the strengthening of their mutual understanding and for the development of the relations between the two countries."

The coming visit to Japan will further promote and strengthen existing exchanges and co-operation between the congresses of the two countries and make positive contributions to promoting their efforts for the development of friendly co-operation, Cao said in conclusion.

Wan Li En Route 25 May

*OW2505012892 Beijing XINHUA in English
0118 GMT 25 May 92*

[Text] Beijing, May 25 (XINHUA)—Wan Li, chairman of China's National People's Congress (NPC) Standing Committee, left Beijing this morning by special plane on an eight-day official good-will visit to Japan at the invitation of Speaker Sakurachi Yoshio of the House of Representatives and President Yuji Osado of the House of Councillors of the Diet of Japan.

Wan and his party were seen off at the Great Hall of the People by Vice-Premier Yao Yilin, Vice-Chairmen of the NPC Standing Committee Ngapoi Ngawang Jigme and Ye Fei.

Accompanying Wan on the visit are Deputy Secretary-General Cao Zhi of the NPC Standing Committee, Vice-Chairman Fu Hao of the NPC Foreign Affairs Committee and Vice-Foreign Minister Xu Dunxin.

Arrives in Tokyo

*OW2505082592 Beijing XINHUA in English
0806 GMT 25 May 92*

[Text] Tokyo, May 25 (XINHUA)—Chinese parliament leader Wan Li arrived here this afternoon for an eight-day friendly visit as part of the activities to mark the 20th anniversary of the diplomatic relations between China and Japan.

Wan is the second senior Chinese leader to visit Japan this year following General Secretary of the Chinese Communist Party Jiang Zemin who paid a goodwill visit to the country April 6-10.

Wan, chairman of the National People's Congress (NPC)'s Standing Committee, landed at Tokyo's Haneda International Airport at 13:40 in a sunny day.

Upon his arrival, Wan said in a written statement that "China and Japan are neighboring countries with a history of more than 2,000 years of friendly exchanges between the two peoples," noting that bilateral ties have been developed smoothly in various fields since the two countries normalized their relations in 1972.

He said the main purpose of his visit was to explore ways on further consolidating and developing the friendly and cooperative Sino-Japanese ties, as well as boosting exchanges between China's NPC and the Japanese Diet.

The Chinese parliament leader, who came to Japan at the invitation of the both houses of the Japanese Diet (parliament), was greeted at the airport by former Japanese prime minister Noboru Takeshita and Diet officials.

While in Tokyo, Wan is expected to meet Japanese Emperor Akihito and hold talks with Prime Minister Kiichi Miyazawa and Foreign Minister Michio Watanabe.

He will also meet Yoshio Sakurachi, speaker of Japan's House of Representatives, Yuji Osada, president of the House of Councillors, as well as other political and business figures before leaving Tokyo Thursday for visits to Hokkaido, Osaka and Kawaga.

Welcomed by Watanabe

*OW2605083992 Beijing XINHUA Domestic Service
in Chinese 0744 GMT 26 May 92*

[By reporter Zhang Huanli (1728 3562 0448)]

[Text] Tokyo, 26 May (XINHUA)—Michio Watanabe, deputy prime minister and concurrently minister of foreign affairs of the Japanese Government, hosted a luncheon at the Foreign Ministry's Ikura Hall at noon today to warmly welcome Wan Li, chairman of the PRC National People's Congress [NPC] Standing Committee, and his entourage on their goodwill visit to Japan.

Prior to the luncheon, Watanabe had an animated and friendly talk with Wan Li.

Watanabe said: "This year we will mark the 20th anniversary of the normalization of Japanese-Chinese diplomatic relations. It is of great significance that Chairman Wan Li is visiting Japan and exchanging views with top Japanese leaders in this memorable year." He emphasized that Japan attaches a great importance to its relations with China. The expansion of Japanese-Chinese relations will contribute peace and stability in not only Asia but also the whole world.

Wan Li said: "Foreign Minister Watanabe is an old friend of China. I am very happy to see him again during my current trip to Japan."

Attending the luncheon on invitation were Cao Zhi, member and deputy secretary general of the NPC Standing Committee; Fu Hao, member of the Standing Committee and vice chairman of the Foreign Affairs Committee of the NPC; Xu Dunxin, vice minister of foreign affairs; and Chinese Ambassador to Japan Yang Zhenya.

Views Ties With House Speaker

OW2605104692 Beijing XINHUA Domestic Service
in Chinese 0840 GMT 26 May 92

[Text] Tokyo, 26 May (XINHUA)—Wan Li, chairman of China's National People's Congress [NPC] Standing Committee who is currently visiting Japan, met with Yuji Osada, Speaker of the Japanese House of Councilors, here today. In a very friendly atmosphere, the two leaders talked amiably and expressed the hope that the friendly and cooperative relations between the two countries will grow continuously.

At the beginning of the meeting, Nagada extended a warm welcome from the House to Wan Li and his entourage, and thanked the chairman for the warm hospitality granted to him during his visit to China last May.

Osada said: Since the two countries began parliamentary exchanges in 1978, [former] vice chairman Deng Yingchao, vice chairman Peng Chong, and [former] chairman Peng Chong of the Chinese NPC have successively visited Japan. Chairman Wan Li's current visit, which has ushered in a mature stage in the close ties between the two parliaments, is of great significance for enhancing the relations of mutual understanding and trust between the Japanese and Chinese peoples.

Osada expressed the hope that friendly and cooperative relations between the two countries will further develop beyond the 20 years since the normalization of diplomatic relations. He also hoped that Japan and China, as "energetic and potential-latent" good partners in the Asia-Pacific region, will make active contributions to world peace and prosperity. He wished China success in its reform and open policy and its endeavors to continuously improve the people's livelihood.

Wan Li said that it is very satisfying to note that since the signing of the Sino-Japanese Peace Treaty, formal parliamentary ties have been established between the two countries, and their friendly contacts have increased with each passing day. He pointed out that parliamentary contacts have become an important channel for bilateral exchanges and have played a positive role in enhancing mutual understanding and trust and in continuously promoting friendship between the two countries.

He said: China is currently endeavoring to build socialism with Chinese characteristics, deepen reform,

open wider to the outside world, and accelerate the pace of economic development. He said China's economic growth will surely provide still more favorable conditions for friendly cooperation between the two countries. He expressed the belief that so long as China and Japan earnestly abide by the spirit of the Sino-Japanese Joint Statement and the Peace and Friendship Treaty and make joint efforts, friendly exchanges and cooperation between the parliaments of the two countries will definitely grow constantly and contribute more to realizing the noble goal of maintaining friendship between the two peoples from generation to generation.

Wan Li invited Speaker Osada to visit China at a convenient time.

Present at the meeting were Cao Zhi, member and deputy secretary general of the NPC Standing Committee; Fu Hao, member of the Standing Committee and vice chairman of the Foreign Affairs Committee of the NPC; Xu Dunxin, vice minister of foreign affairs; and Chinese Ambassador to Japan Yang Zhenya.

Ippei Koyama, Deputy Speaker of the Japanese House of Councilors, was present at the meeting.

Further on Meetings

OW2605122092 Beijing XINHUA Domestic Service
in Chinese 1025 GMT 26 May 92

[Text] Tokyo, 26 May (XINHUA)—The chairman of China's National People's Congress [NPC] Standing Committee Wan Li, currently visiting Japan, met with Yoshio Sakurachi, speaker of the Japanese House of Representatives this morning. The two sides agreed that the strengthening of friendship and cooperation between China and Japan is conducive to peace, stability, and the development of the Asia-Pacific region and the world as a whole.

Sakurachi said at the meeting: On the occasion of the 20th anniversary of the normalization of bilateral relations this year, General Secretary Jiang Zemin's visit to Japan as an official guest last month has deepened the friendly relations between the two countries; and Chairman Wan Li's current visit will not only strengthen the friendly relations but also exert epoch-making influence on parliamentary exchanges between the two countries toward the 21st century.

He said: Japan and China, two important neighbors, have a rich and colorful history of exchange that spans over 2,000 years. The development of friendly relations between Japan and China not only benefits the two countries but also is of great significance to peace and stability in the Asia-Pacific region and the whole world.

Wan Li said: The development of friendship and cooperation between the two countries in the past 20 years since the normalization of bilateral relation has not only brought major benefits to the two peoples, but also has had a positive impact on the peace, stability, and development in the Asia-Pacific region and the world as a

whole. It is of special importance to further develop the friendship and cooperation between China and Japan under the current world situation, which is characterized by drastic changes and the multipolarization of the global structure.

Wan Li said: China's NPC and Japanese Diet shoulder important responsibilities in developing friendship and cooperation between the two countries. The Japanese House of Representatives has played a major role in the normalization of Sino-Japanese diplomatic relations and signing of the Sino-Japanese Treaty of Peace and Friendship. It has also made active contributions to the all-round development of the good-neighborly relations between the two countries. China's NPC is ready to join friends in the Japanese Diet to further promote friendly relations between the two countries.

During the meeting, Wan Li also invited Sakurauchi to visit China at a convenient time.

Present at the meeting were Cao Zhi, member and deputy secretary general of the NPC Standing Committee; Fu Hao, member of the Standing Committee and vice chairman of the Foreign Affairs Committee of the NPC; Xu Dunxin, vice minister of foreign affairs; and Chinese Ambassador to Japan Yang Zhenya.

Kiichi Murayama, Deputy Speaker of the Japanese House of Representatives, was present at the meeting.

Discusses Relations With Emperor

OW2605105492 Beijing XINHUA in English
1036 GMT 26 May 92

[Text] Tokyo, May 26 (XINHUA)—Japanese Emperor Akihito met visiting Chinese parliament leader Wan Li this afternoon and both sides expressed their satisfaction with the development of Sino-Japanese relations.

Akihito told Wan Li that the Japan is pleased with the smooth development of bilateral relations in the past 20 years since the normalization of diplomatic relations between the two countries.

"China and Japan are close neighbors and the development of friendship is a very good thing," said the emperor.

Increasing mutual understanding and friendship are beneficial not only to both countries, but also to peace in the region, the emperor said.

Wan Li, chairman of the Standing Committee of the National People's Congress, said development of Sino-Japanese friendship is the common desire of the two countries. He expressed the hope that friendship between the two countries would be further strengthened and carried on to the coming generations.

Wan also stressed the cultural linkage between the two countries.

Emperor Akihito recalled a recent visit to a Chinese historical relics exhibition. The traditional culture of China has a big influence on Japan and he is very interested in China's historical relics, he said.

Chinese Ambassador to Japan Yang Zhenya was present at the meeting.

May Invite Emperor To Visit

HK2605023692 Hong Kong THE STANDARD
in English 26 May 92 p A-5

[By Terry Cheng]

[Text] National People's Congress (NPC) chairman Wan Li, who arrived in Tokyo yesterday for an eight-day official visit, is expected to raise again the invitation for Japanese Emperor Akihito to visit China.

Mr Wan, who was invited by leaders of Japan's parliament, is visiting as part of celebrations to mark the 20th anniversary of the normalisation of diplomatic relations between the two countries.

Beijing did not receive an answer from the Japanese government on the invitation during a trip to Tokyo last month by Chinese Communist Party leader Jiang Zemin.

Japanese Prime Minister Kiichi Miyazawa told Mr Jiang that his government needed more time to consider an invitation for the emperor.

The emperor's visit has become a diplomatic bargaining tool between the two countries.

Sources said Japan had asked Beijing to ensure that the emperor would be welcomed "universally" during his visit.

On the other hand, some civilians in China have demanded compensation from Japan for atrocities during World War II. The government relinquished its right to seek indemnity from Japan in 1972.

Earlier this year, about 10,000 Chinese signed an open letter sent to the Japanese embassy in Beijing asking U.S.\$180 billion (HK [Hong Kong dollars] \$1.4 trillion) in compensation.

During the NPC session in March, a number of deputies initiated motions to support the indemnity campaign.

The motions were not admitted to the session agenda because they failed to get the necessary support of at least 30 deputies, a spokesman said.

Foreign Minister Qian Qichen said China had not changed its position on reparations. But he said NPC members were free to carry out their own investigations, and that "Japan had the responsibility to deal properly with all those problems" resulting from the occupation.

During his visit, Mr Wan is expected to raise the invitation again, diplomatic analysts said.

China's civilian request for war indemnities may be mentioned by him to add pressure on Japan to agree to the emperor's visit, they said.

Mr Wan, accompanied by parliamentary officials and Vice Foreign Minister Xu Dunxin, is to meet Japanese leaders including Mr Miyazawa, Foreign Minister Michio Watanabe and the emperor.

Discusses Friendship With Miyazawa

OW2605111592 Beijing XINHUA in English
1103 GMT 26 May 92

[Text] Tokyo, May 26 (XINHUA)—Japanese Prime Minister Kiichi Miyazawa said today that the development of Sino-Japanese friendship should be credited to the far-sightedness of the forerunners, who have made great efforts in promoting the friendship and cooperation between the two countries.

The prime minister made the remarks when meeting with Chinese parliamentary leader Wan Li this afternoon at his office.

Wan Li, chairman of the Standing Committee of the National People's Congress, arrived here yesterday for an eight-day official good-will visit to Japan at the invitation of Japan's two houses' leaders.

Wan's visit is also part of the celebrations to mark the 20th anniversary of the normalization of relations between China and Japan which falls on September 29 this year.

The exchange of visits by leaders of the two countries is "very helpful" in promoting friendship and cooperation between the two countries, Miyazawa said.

At the moment, Sino-Japanese relations are not only the relations between the two countries, they also contribute to peace, stability and development in the Asia-Pacific region and the world at large, he said.

Wan Li said that in the past 20 years, Sino-Japanese relations, have been very good and satisfactory. They have benefits not only to the two countries, but also contributed to peace and stability in the Asia-Pacific region and the world as a whole.

The Japanese prime minister reiterated that Japan will not go along a military road.

Wan Li also gave an account of China's reform and opening-up. He said that China will accelerate reform and opening-up to focus its efforts on economic construction, and in this respect the national people's congress has adopted resolutions accordingly.

China will assimilate advanced science and technology and methods of operation or management of developed countries including Japan which is a big economic power, he stressed.

Miyazawa said that Japan will provide loans to China and help develop its energy. "If needed, Japan is sure to cooperate and support China's economic development," he added.

Japan Trip 'Promotes Friendship'

HK2505044292 Hong Kong TA KUNG PAO
in Chinese 25 May 92 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Wan Li's Visit to Japan, Sino-Japanese Relations"]

[Text] One-Week Visit to Japan Promotes Friendship

Wan Li, chairman of the National People's Congress [NPC] Standing Committee, will begin his one-week friendly visit to Japan today. In April this year, Jiang Zemin, general secretary of the CPC Central Committee, visited Japan and held talks with Japanese Prime Minister Kiichi Miyazawa. He also met with the Japanese emperor. NPC Chairman Wan Li's current visit is also a part of the exchange of visits between leaders of the two countries to mark the 20th anniversary of the normalization of Sino-Japanese relations. Observers will pay attention to whether Wan Li will invite the Japanese emperor to visit China.

Undisputedly, over the past years, through the common efforts of the two governments and the two peoples, Sino-Japanese relations have developed substantially; and the two countries' cooperation in many fields is closer and deeper than between many other countries, and has made pronounced achievements. Developing long-term and stable good-neighborly, friendly, and cooperative relations with Japan is an important point of China's foreign policy. In a broad sense, the development of relations between China and Japan will also be a major factor contributing to peace, stability, and development in Asia and the world.

Differences in Japan Over the Emperor's Visit to China

During Jiang Zemin's visit to Japan in April, he invited Emperor Akihito to visit China. The Japanese side expressed gratitude for this, and indicated that serious consideration would be given to the invitation. However, there were differences inside the Japanese Government and the ruling Liberal Democratic Party [LDP] over whether Emperor Akihito should visit China this year. Some people said that the emperor should visit China, but others called for more "prudence." Now, Prime Minister Miyazawa will have to decide.

Some people in Japan fear that Emperor Akihito's visit to China may bring about such unpleasant events as demonstrations against Japan's militarism that may embarrass the emperor. As for this concern, Jiang Zemin promised during his visit to Japan that no such thing

would happen in China. In fact, such concern is absolutely groundless. Some people in Japan even fear that the Japanese emperor may be entangled in China's political struggle, and this is all the more a purely imaginary and groundless fear. It is indeed inexplicable why some people in the LDP expressed such fears in the newspapers. This just shows that some people in Japan still do not understand China. Maybe they have some other ulterior reasons, which would be another problem.

Jiang Zemin made it clear about China's invitation to the Japanese emperor at a news conference during his Japan visit. He said that the invitation is completely based on the hope for the friendship between the two countries from generation to generation, and it is believed that the Japanese emperor's visit to China will certainly promote the positive development of Sino-Japanese relations.

Recently, some problems appeared between China and Japan. One was the sovereignty dispute over the Diaoyu Islands; and the other was the demand of some NPC deputies for war damages from Japan.

As for the Diaoyu Islands issue, Jiang Zemin said that Deng Xiaoping expressed the position and proposal of the Chinese Government long ago on this issue, and the position remains unchanged. As for the war damages, the Chinese Government expressed its position in the 1972 Sino-Japanese Joint Statement, and this position also remains the same. Japanese Newspapers Call for Bearing the Historical Lesson in Mind [subhead]

Over the past 20 years, China's position toward Japan has remained the same. Japan, in fact, controls the Diaoyu Islands. As for the war damages demand expressed by the NPC deputies, parliament members have the right to say that sort of thing, and there is nothing to be surprised about.

ASAHI SHINBUN's 21 May editorial should be praised. This newspaper said that as a symbol of friendship, the Japanese emperor should visit China. The editorial said: "The year 1994 will mark the 100th anniversary of the Japanese-Qing War. In retrospect, as for Japanese-Chinese relations over the past more than 100 years, except for the last 20 years, it is a pity that they cannot be regarded as a history of friendship. From the Japanese-Qing War in 1894 to the Japanese-Chinese War, the two countries were involved in many rounds of fierce conflicts. The consequences of the wars still existed in the post-war period." The editorial added: "Frankly speaking, it is undeniable that when reviewing our history and learning a lesson from history, our nation (Japan) still lacks a modest attitude. It is necessary to criticize the erroneous idea of affirming aggression and to get rid of factors that impede friendship. Although the Japanese emperor has accepted Korea's invitation, Korea will undergo a presidential election later this year. It is not unnatural if the emperor first visits China in the name of marking the 20th anniversary of the establishment of official Japanese-Chinese relations. As a symbol

of friendship, the emperor's visit to China will be the first step to symbolize Japan attaching importance to Asia."

Japanese Reportage on Wan Li Visit

WA2605123992

For Japanese reportage on the eight-day official visit by National People's Congress Chairman Wan Li to Japan, including reports on his talks with Japanese Prime Minister Kiichi, Miyazawa and other leaders, please see the Japan section of the 26 May East Asia DAILY REPORT and subsequent issues.

Suspected Murderer of Japanese Tourists Arrested

OW2305181192 Beijing XINHUA in English
1616 GMT 23 May 92

[Text] Kunming, May 23 (XINHUA)—Zhang Yunjing, the murderer of two Japanese female tourists Ayako Kawamoto and Toshiko Nakamura in Kunming last week, was captured by the police last night in Simao County of Yunnan Province, 570 km from Kunming, according to the local public security bureau today.

Sources released that the criminal, 26, comes from Jingdezhen city of Jiangxi Province. Having committed a crime, he absconded there.

Last Sunday evening Zhang registered with the assumed name "Li Sen" in Cuihu Hotel; at about 20:30 the same day he entered the room of the two elderly Japanese female tourists, pretending to be a plumber of the hotel, and murdered them at around 21:30. He then fled.

Learning of the case at 8:00 the following day, the public security bureaus of Yunnan Province and Kunming city immediately started careful and detailed investigations, and discovered important clues. The Ministry of Public Security issued an urgent circular on the same night and mobilized relevant units in related districts.

After investigations and tracing of over four days and nights, the local police finally caught the criminal in a concert hall in Simao County of southern Yunnan last night.

A camera, a gold necklace with a heart-shaped jadeite, and 250,000 Japanese yen belonging to the two victims were discovered on the criminal, who later confessed to robbery and murder.

The case is being thoroughly investigated according to law.

DPRK Denies Crossing of Demilitarized Zone

OW2305100592 Beijing XINHUA in English
0804 GMT 23 May 92

[Text] Pyongyang, May 23 (XINHUA)—Pyongyang today denied that three soldiers of the People's Army crossed the military demarcation line and called the

South Korean charge a sheer fabrication, according to the KOREAN CENTRAL NEWS AGENCY (KCNA).

KCNA said one South Korean report accused three soldiers of crossing the demarcation line and entering into the southern side on May 22 and said two of them were captured alive and the other was killed. This is a totally false report.

Soon after the South Korea's report was published, South Korean soldiers fired several score of bullets toward the northern outposts, gravely endangering the lives of northern guards, the KCNA report said.

The KCNA report also pointed out the false report would disrupt the on-going inter-Korean high level talks and demanded South Korea stop such activities immediately, or it should bear all consequences arising therefrom.

IAEA Begins Nuclear Inspections in DPRK

*OW2505123892 Beijing XINHUA in English
1044 GMT 25 May 92*

[Text] Pyongyang, May 25 (XINHUA)—A delegation of the International Atomic Energy Agency (IAEA) arrived here today to start two weeks of nuclear inspection in this country.

The seven delegates, arrived here from Beijing, were greeted by officials of the Democratic People's Republic of Korea (DPRK).

According to the reports from the IAEA headquarters in Vienna, the delegation will inspect 14 nuclear facilities in the light of documents provided by the DPRK Government on May 4.

The investigation results will be submitted to the IAEA council on June 15.

Li Ruihuan Meets DPRK News Delegation

*OW2305063092 Beijing XINHUA in English
0616 GMT 23 May 92*

[Text] Beijing, May 23 (XINHUA)—Li Ruihuan, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met here today with a delegation from the KOREAN CENTRAL NEWS AGENCY of the Democratic People's Republic of Korea (DPRK).

The delegation is headed by Yang Yong-man, deputy general director of the agency.

During the meeting, Li said that the KOREAN CENTRAL NEWS AGENCY and XINHUA NEWS AGENCY have long shared friendly exchanges and cooperation, and the delegation's current visit will promote the development of such friendly relations.

The Chinese Communist Party Central Committee, with General Secretary Jiang Zemin as its core, has cherished

the friendship between China and DPRK, Li noted, and adding that under the current international situation, it is of special significance to further develop the friendship and cooperation between the Chinese and Korean parties and peoples.

Li briefed the guests on China's social and economic development after the founding of the New China in 1949, in particular, the achievements over the past decade when the country carried out reform and opening to the outside world.

Yang said during the meeting that his delegation visited Nanjing, Shanghai and other cities during their stay in China, and they found China has achieved great success in the course of reform and opening to the outside world.

He said that China is now enjoying social stability, economic prosperity and the people's life has been greatly improved.

Mu Qing, president of the XINHUA NEWS AGENCY, attended the meeting.

The visitors have been here as guests of the XINHUA NEWS AGENCY.

DPRK Assembly Speaker Visits Jiangsu

*OW2405045492 Nanjing Jiangsu People's Radio
Network in Mandarin 1015 GMT 23 May 92*

[From the "News" program]

[Text] Yany Hyong-sop, speaker of the Supreme People's Assembly of the Democratic People's Republic of Korea [DPRK], and his delegation arrived on a visit to Nanjing from Shenyang aboard a special plane on the morning of 23 May. Peng Chong, vice chairman of the Standing Committee of the National People's Congress, came all the way from Beijing to Nanjing and received Speaker Yong Hyong-sop and his delegation at the Dongjiao Guest House.

During their meeting, Peng Chong and Han Peixin, chairman of the Standing Committee of the provincial people's congress, held cordial conversations with Speaker Yong Hyong-sop and members of his delegation. Vice Chairman Peng Chong said: Jiangsu is one of China's economically advanced provinces, in which he has been working for a long period. Speaker Yong visited here nine years ago. Now, with great changes taken place in all aspects in Jiangsu, our Korean comrades may visit as many places as possible.

Speaker Yong Hyong-sop profoundly thanked Vice Chairman Peng Chong for taking time off from his tight schedules to accompany the delegation visiting Jiangsu. He said: Jiangsu is well known in Korea; we have witnessed some of the changes on our way here.

During the meeting, Chairman Han Peixin relayed cordial regards of Secretary Shen Daren and Governor Chen Huanyou, who were both out of the province. He said: I

met Speaker Yong and his delegation in Nanjing in 1983. We warmly welcomed Speaker Yong to visit Jiangsu again. Since the establishment of sister province between Jiangsu and your country's Kangwon-do, exchanges and cooperation between the two sides have been very close. Accompanied by General Secretary Jiang Zemin, Chairman Kim Il-song visited Jiangsu in October 1991, making important contributions to the development of relations between the two parties and nations. He expressed the hope that the delegation's visit to Jiangsu would be a success.

Speaker Yong Hyong-sop and his delegation were met upon arrival at the airport by Zhang Yaohua, vice chairman of the Standing Committee of the provincial people's congress; (Ma Zhaohong,) chairman of the Standing Committee of the Nanjing Municipal People's Congress, and [words indistinct], responsible individuals from departments concerned.

In the afternoon, the delegation, accompanied by Peng Chong and Zhang Yaohua, visited scenic spots at the eastern suburb.

Jilin Friendship Delegation Returns From DPRK

*SK2605102292 Changchun JILIN RIBAO
in Chinese 26 Apr 92 p 1*

[Text] Invited by North Hamgyong Province in the DPRK, the seven-member Jilin Province friendship delegation, headed by Huo Mingguang, chairman of the provincial People's Congress Standing Committee, returned to Changchun by train on 25 April, after satisfactorily winding up its friendly visit. While in the DPRK, Comrade Huo Mingguang, head of the delegation, attended the grand banquet held by the Workers Party of Korea [WPK] Central Committee and the State Administration Council at the presidential palace to celebrate the 80th birthday of President Kim Il-song. Meanwhile, the delegation viewed the calisthenics performance given by 100,000 students and the theatrical performance—the "Song of Blessing"—performed by 5,000 literary and art workers. Cha Pong-chu, DPRK vice minister of foreign affairs, met with and feted the delegation at the Potonggang Restaurant. The delegation also visited Nampo, Mt. Myohyang, Kaesong, and Pamunjom.

While in the North Hamgyong Province, the delegation met with and was feted by Kang Song-san, member of the Political Bureau of the WPK Central Committee, responsible secretary of North Hamgyong Provincial WPK Committee and concurrently chairman of the provincial People's Committee; and by Kim Chung-il, chairman of the provincial Economic Guidance Committee.

When the delegation returned to Changchun, Wu Yixia, Standing Committee member of the Jilin provincial party committee and vice governor of the province; Ren Junjie, vice chairman and concurrently secretary general

of the provincial People's Congress Standing Committee; Shang Zhenling, secretary general of the provincial party committee, and responsible comrades of the provincial foreign affairs office; and other pertinent departments met the delegation at station.

Southeast Asia & Pacific

Foreign Ministry Views SRV Statement on Nansha

*OW2205112592 Beijing Central People's Radio
in Mandarin to Taiwan 2200 GMT 21 May 92*

[Report by reporter Fang Xiaojia; from the "News and Current Events" program]

[Excerpt] During a news briefing called by the Chinese Ministry of Foreign Affairs on 21 May, Spokesman Wu Jianmin answered reporters' questions, including those concerning the China Petroleum Corporation's [name as heard] development of the Nansha [Spratly] Islands' petroleum and natural gas deposits, the successes achieved as result of Indian President's visit to China, and others. The following is the report by Fang Xiaojia:

During the news briefing sponsored by the Ministry of Foreign Affairs on 21 May, a reporter asked Spokesman Wu Jianmin: Recently the Vietnamese Ministry of Foreign Affairs issued a statement protesting to the China National Offshore Oil Corporation for signing a cooperation agreement with an American company to develop petroleum and natural gas deposits around the Nansha islands. What do you have to say about this?

Wu Jianmin said: China's sovereignty over the Nansha Islands is indisputable, and the development of resources there is above criticism [wu ke fei yi]. [begin Wu recording] The Nansha and Xisha [Paracel] Islands have been Chinese territories since ancient times. China's sovereignty over the Nansha and Xisha Islands and their adjacent waters is indisputable. The development undertaken by the China National Oil Development Corporation [correct himself] by the China Petroleum Corporation is beyond criticism. [end Wu recording] [passage omitted]

Thailand Announces Amnesty for Protesters

*OW2405033592 Beijing XINHUA in English
0304 GMT 24 May 92*

[Text] Bangkok, May 24 (XINHUA)—An executive decree was announced here by Radio Thailand this morning to grant amnesty to all protesters who committed offences against the law in Bangkok during May 17-21.

The decree, which was countersigned by Prime Minister Suchinda Kraprayun, has been approved by the king of Thailand.

The decree says that all the people who were connected with the protests which took place between May 17-21,

be they the master-minds, supporters, employers or those employed to commit offences, will be exonerated.

The decree was aimed to quickly restore peace and unity to the country, said the radio.

Last Monday morning, a demonstration against Prime Minister Gen Suchinda Khrapayun ended in a blood-bath when soldiers opened fire on protesters in Bangkok.

The government declared a state of emergency and banned gatherings of more than 10 people. Soldiers started firing at the crowds about 4 am last Monday after the protester defied the ban.

It was reported that at least 43 protesters were killed and 600 others wounded and about 3,000 people were arrested.

Air Route Between Beijing, Hanoi To Open

*OW2205143292 Beijing XINHUA in English
1416 GMT 22 May 92*

[Text] Nanning, May 22 (XINHUA)—A Beijing-Hanoi air route is to be opened June 28, according to a spokesman for the Civil Aviation Administration of China this evening in this capital of south China's Guangxi Zhuang Autonomous Region.

The Southern China Airlines flight number will be CZ361/2 and Boeing 737-500s will be in operation on the once-a-week schedule.

The plane will leave Beijing every Sunday morning at 8:10. After an 11:10 stop in Nanning it will arrive at Hanoi airport at 12:50. It will return at 14:00 and arrive at Beijing airport at 18:40 the same day.

Near East & South Asia

Continuing Reportage on Visit of Indian President

Arrives in Shanghai; Meets Mayor

*OW2205155792 Beijing XINHUA in English
1507 GMT 22 May 92*

[Text] Shanghai, May 22 (XINHUA)—Indian President Ramaswamy Venkataraman arrived here from east China's scenic city of Hangzhou by special plane this afternoon in the company of Hou Jie, chairman of the Chinese Government Reception Committee and minister of construction.

Venkataraman met at the new Jinjiang Hotel here with Indians residing in Shanghai, and students studying here as well as Chinese scholars and students.

The Chinese students who had visited India presented the Indian president and first lady with Chinese crafts articles—a wooden walking stick with the head in the shape of dragon and an ancient Beijing opera facial makeup.

Huang Ju, mayor of Shanghai, met with the Indian president and his party and gave a dinner in their honor this evening.

Before their arrival in Shanghai, the Indian president and Mrs. Venkataraman had traveled to Hangzhou and Xian.

During their stay in Xian, the capital of Shaanxi Province, northwest China, they visited a museum displaying hundreds of life-size terracotta horses and armored warriors excavated from sites near the tomb of Qin Shi Huang (259-210 B.C.), the founder of the Qing Dynasty (221-207 B.C.).

Issues Statement

*OW2405143292 Beijing XINHUA in English
1358 GMT 24 May 92*

[Text] Shanghai, May 24 (XINHUA)—Indian President R. Venkataraman emphasized the importance of Indian-Chinese cooperation here today.

In a statement he issued at the conclusion of his state visit to China, the Indian president said that during his visit, he held "cordial discussions" with Chinese President Yang Shangkun, General Secretary of the Central Committee of the Communist Party of China Jiang Zemin and Chinese Premier Li Peng, "in an atmosphere of friendship and mutual understanding". These discussions, he continued, covered a wide range of issues of bilateral, regional and global interest.

"During these discussions, both sides recognized the importance of further developing and enhancing cooperation between India and China as the world's largest developing countries," the statement said, adding that they noted with satisfaction the fact that India-China relations have improved perceptibly in recent years, and that the dialogue at the political level between leaders of the two countries has gathered substance and momentum.

It said "both sides regard the future of relations between the two countries with optimism and are convinced that continuing high-level political contacts will strengthen mutual understanding and achieve the peaceful resolution of all outstanding issues."

The document said that he and the Chinese leaders emphasized "their continuing commitment to the Five Principles of Peaceful Co-Existence as basic norms guiding relations between countries." They, it continued, expressed their satisfaction with the progress made in the negotiations held by the India-China joint working group at its last meeting in February. "Both sides agreed that boundary question was complex and reiterated their firm resolve to settle the boundary question by peaceful negotiations."

Further, concrete confidence-building measures in the border areas were being discussed within the joint working group and these measures would contribute

significantly to the creation of a favorable and positive atmosphere for an early, fair, reasonable, and mutually acceptable settlement of the boundary question, the statement said.

It said that the Indian president and the Chinese leaders were convinced that "India-China relations are on a stable track of development and that both countries should build on these foundations for a durable relationship of friendship and cooperation."

The development of cooperation between India and China, it continued, would be a stabilizing factor in Asia and in the world, and would not pose any threat to any other country.

"Both sides were agreed that the attainment of the goals of development and modernisation in India and China requires an environment of durable peace and stability both regionally and internationally."

The statement said that both countries are agreed that the use of force or threat of force as a means of settlement of disputes should be firmly abjured in relations between nations. "India and China can play an important role together in the advancement of developing countries and to safeguard the interests of the developing world," the statement added.

In the statement, the president reiterated his invitation to General Secretary Jiang Zemin to visit India and extended an invitation to President Yang Shangkun to visit India.

When Venkataraman and his party left Shanghai by special plane, they were seen off at the airport by Chairman of the Chinese Government Reception Committee and Minister of Construction Hou Jie and Vice-Mayor of Shanghai Zhao Qizheng.

Delhi Radio Report

BK2305131292 Delhi All India Radio Network
in English 0830 GMT 23 May 92

[Text] The president, Mr. Venkataraman, today visited the industrial township of (Chapu) in Shanghai. He spent some time in the township to get a first-hand knowledge of the rapid industrial progress of the city over the last few decades. The president also visited a school in the township and mixed with the children.

Our correspondent accompanying the president reports that Mr. Venkataraman also paid a visit to the jade Buddha temple built in 1882. The temple has a two-meter-high Buddha statue carved out of a single piece of white jade. A reclining Buddha, one-meter-high, reflecting his Saka Muni manifestation has been enshrined in a separate hall. The president was told about the significance of the temple.

Speaking on the occasion, Mr. Venkataraman, said his visit will bring the people of the two countries much closer. He presented a bronze Buddha in the sitting

posture to the temple. Mr. Venkataraman is leaving Shanghai this evening for home after completing a six-day state visit to China.

XINHUA Reports India Schedules Missile Test

OW2405050492 Beijing XINHUA in English
0404 GMT 24 May 92

[Text] New Delhi, May 24 (XINHUA)—India is to test its first ballistic surface-to-surface missile "Agni" again between May 27 and 30, local press today quoted official sources as saying.

The indigenous, intermediate range (approximately 2,500 km) ballistic missile, is to be test-launched near Balasore, eastern coastal state of Orissa.

"Agni" was successfully test-launched in May 1989, making landmark in India's missile development.

Jordanian Armed Forces Delegation Arrives 22 May

OW2205131692 Beijing XINHUA in English
1218 GMT 22 May 92

[Text] Beijing, May 22 (XINHUA)—Lieutenant General Zhang Bin, deputy director of the General Logistics Department of the Chinese People's Liberation Army (PLA), met with and hosted a dinner for a delegation from Armed Forces of Jordan, here this evening.

Zhang was on behalf of General Cho Nam Qi, director of the PLA General Logistics Department.

The delegation is headed by Rida Mukhaymir Rushud al-Rawashidah, director of the Supply and Transportation Bureau of the Logistics Department of Jordan Armed Forces.

During the meeting, Zhang conveyed best regards of Cho to Rushud al-Rawashidah and his party, and had a friendly conversation with the guests.

The visitors arrived here on May 19 as guests of the PLA General Logistics Department. They will also visit Nanjing, Guangzhou and Shenzhen.

Jordanian King Reaffirms Policy of Friendship

OW2505002092 Beijing XINHUA Domestic Service
in Chinese 1455 GMT 23 May 92

[By reporters Kang Changxing (1660 7022 5281) and Ye Zaiqi (0673 0961 3825)]

[Text] Amman, 23 May (XINHUA)—King Husayn of Jordan reiterated here today Jordan's fundamental policy of strengthening Jordanian-Chinese friendship and cooperating in various fields.

King Husayn made the remarks in a meeting with Chinese Ambassador Zhang Deliang.

He said: Friendship and cooperation between Jordan and China are not only of a bilateral nature but also of a

multilateral character. They are not confined to the two countries but represent cooperation within the region and in the world at large. He emphasized that this consistent fundamental policy of Jordan would never change.

East Europe

General Xu Xin Meets Romanian Visitors

OW2205214692 Beijing XINHUA in English
1540 GMT 22 May 92

[Text] Beijing, May 22 (XINHUA)—General Xu Xin, deputy chief of General Staff of the Chinese People's Liberation Army (PLA), met and feted his Romanian counterpart Paul Sarpe here this evening.

During the meeting, they expressed the hope for the further enhancement of the friendly relations between the two armies.

Sarpe and his party have come here for a goodwill visit to China at the invitation of the PLA General Staff.

Reportage on NPC Delegation East European Visit

Group Wraps Up Stay in Poland

OW2205144892 Beijing XINHUA in English
1420 GMT 22 May 92

[Text] Warsaw, May 22 (XINHUA)—Chen Muhua, vice chairman of the Chinese National People Congress (NPC), expressed satisfaction today with her delegation's Poland visit.

Chen, who headed the NPC delegation on a six-day visit to Poland, was speaking to XINHUA before leaving for Budapest.

"Through the delegation's talks with the Polish parliament and Government leaders and its friendly contacts with personalities of various circles and people, mutual understanding and friendship had been further promoted," she said.

"Friendly cooperative relations between the two countries and parliaments had developed further," she added.

The Chinese delegation, which arrived here May 17 for a good-will visit at the invitation of Poland's parliament, was received by Polish President Lech Walesa and Prime Minister Jan Olszewski during its Warsaw stay.

The two sides exchanged views on developing bilateral relations, notably ways of improving trade and economic cooperative ties.

On May 18 and 19, the delegation met separately with Polish Senate Marshal A. Chelkowski, and Sejm (parliament) Marshal W. Chrzanowski.

They agreed to "strengthen contacts and exchanges between the parliaments of the two countries in the future."

Chen and her party also met with Poland's foreign minister, the president of its state bank and other officials during the visit.

On May 21, the delegation went to the Polish industrial and commercial town Poznan to visit a factory.

Meets Hungarian President

OW2505180792 Beijing XINHUA in English
1717 GMT 25 May 92

[Text] Budapest, May 25 (XINHUA)—Hungarian President Arpad Goncz said today that he was happy with the increasing exchange of visits by top leaders of Hungary and China and contacts between the two countries' parliaments.

The existing friendship and cooperation between the two nations would be further developed, Goncz told a visiting Chinese delegation of the National People's Congress (NPC).

NPC Vice President Chen Muhua, who headed the Chinese delegation, said that China was willing to further develop its friendly relations with Hungary.

She believed that the two countries would have a vast future of economic and trade cooperation if they could promote mutual understandings and develop new approaches for cooperation.

Hungarian parliament president Szabad Gyongy also met with the Chinese delegation today.

During the meeting, Chen passed on Chinese NPC President Wan Li's regards to Szabad and extended an invitation from the NPC to the Hungarian parliament chief who accepted the invitation with pleasure.

During her stay, Chen also met with Hungarian Minister of International Economic Relations Kadar Bela and some other government officials.

Chen Muhua Meets Parliament Member

OW2305033992 Beijing XINHUA in English
0304 GMT 23 May 92

[Text] Budapest, May 22 (XINHUA)—Hungarian Vice President of parliament Matyas Szuros said today that Hungary and China would make joint efforts to promote bilateral ties and the development of its traditional friendship.

During his meeting with Chen Muhua, vice president of the Chinese National People's Congress [NPC], Szuros said Hungary respects China's social and political system and praises the achievements of China.

Szuros hopes the two nations will promote the development of trade and cultural cooperation.

Hungary also hopes to get more support from China in the United Nations, he added.

Chen, who headed a delegation of the Chinese People's Congress, said China respects Hungary's choice of development and its political system.

She said China's market was vast and the two countries have laid a foundation for the development of economic and trade ties.

Latin America & Caribbean

Reportage on Visit of Ecuadorian Vice President

Talks With Wu Xueqian

OW2205125392 Beijing XINHUA in English
1232 GMT 22 May 92

[Text] Beijing, May 22 (XINHUA)—Chinese Vice-Premier Wu Xueqian said here today that South-South cooperation must be enhanced, as the disparity between the South and the North is increasing.

Wu made the remark during his talks with visiting Ecuadorian vice-president Luis Parodi Valverde, who arrived here late Thursday on a nine-day goodwill visit at the invitation of the Chinese Government.

According to an official from the Chinese Foreign Ministry, both Wu and Parodi expressed satisfaction with the development of bilateral relations, and the two sides exchanged views on further developing such relations.

Wu said that the co-operation between China and Ecuador is within the scope of South-South co-operation, and to develop such co-operation is in the fundamental interests of the people of the two countries.

Wu noted that in recent years the exchange of high-level visits between China and Ecuador—which are both developing and Third World countries—has kept increasing, and mutual understanding between the two peoples has deepened.

Also, friendly exchanges and co-operation in economic, trade, technological, cultural and other fields have been expanding constantly, Wu said.

In dealing with international affairs, Wu added, the two countries support and work closely with each other.

He noted that the Chinese Government is willing to make efforts for steady development of the relations between China and Ecuador.

Parodi said he appreciated the "effective co-operation" between Ecuador and China in recent years and thanked the Chinese side for its "sincere aid" to Ecuador.

He expressed the belief that the favorable momentum of development of Ecuadorian-Chinese friendly co-operation will continue.

During the meeting Wu expressed appreciation for Ecuador's position supporting "One China". In turn, Parodi said he hoped that China would achieve reunification at an early date.

Talking about the domestic situation in the two countries, Parodi spoke highly of the achievements China has made in implementing its reform and open policies.

In the evening Wu hosted a dinner in honor of Parodi and his party.

Received by Jiang Zemin

OW2305094992 Beijing XINHUA in English
0726 GMT 23 May 92

[Text] Beijing, May 23 (XINHUA)—Chinese Communist Party General Secretary Jiang Zemin met with visiting Ecuadorian Vice-President Luis Parodi Valverde here this morning.

According to a Chinese Foreign Ministry official, Jiang said during the meeting that the visit will have a positive role in promoting the development of bilateral relations.

Jiang said that the world today is a multiformed one. He noted that only when a new world order is established on the basis of mutual respect, non-interference, equality and mutual benefit, and peaceful co-existence can the world be of better prospects.

He said that China and Ecuador, both developing countries, share many common points and should strengthen unity and co-operation.

Jiang said he believes the co-operation between China and Ecuador is of great potential and of good prospect.

Jiang briefed the visitors on the achievements China has made in implementing the reform and open policy, especially on the development of the special economic zones.

Luis Parodi said that Ecuador and China have close relations and Ecuador attaches importance to China's status and role in the international community and China's aid and co-operation offered to Ecuador.

He expressed the belief that the friendly co-operative relations between Ecuador and China will continue to grow in full scope.

He added that Ecuador appreciates China's achievements and social progress, as well as China's efforts in finding out the way of development which is suitable for its own conditions.

Meeting With Yang Shangkun

OW2305095192 Beijing XINHUA in English
0740 GMT 23 May 92

[Text] Beijing, May 23 (XINHUA)—Chinese President Yang Shangkun met with visiting Ecuadorian Vice-President Luis Parodi Valverde at the Great Hall of the People here this morning.

According to a Chinese Foreign Ministry official present at the meeting, Yang said that the relations between China and Ecuador have developed well since the two countries established diplomatic ties in 1980.

He added that the two sides' co-operation in political, economic and trade, scientific and technological, cultural and other fields are expanding constantly and have been effective.

Also, Yang noted that China and Ecuador share views on a wide scope on major international issues, and the two countries have had close co-operation within international organizations.

Luis Parodi said that Ecuador attaches importance to the relations with China. He noted that China and Ecuador have conducted effective co-operation in the recent years and he hoped such co-operation will continue to be expanded and deepened.

Parodi conveyed the regards of Ecuadorian President Rodrigo Borja Cevallos to Yang, and Yang asked Parodi to convey his regards in return.

Ecuadoran Envoy Hosts Reception

OW2305132392 Beijing XINHUA in English
1215 GMT 23 May 92

[Text] Beijing, May 23 (XINHUA)—Cesar Enrique Roman Gonzalez, Ecuadoran ambassador to China, held a reception here today on the occasion of Ecuadoran Vice-President Luis Parodi Valverde's current visit to China.

Parodi Valverde and Chinese Vice-Foreign Minister Liu Huaqiu were present at the reception.

Shanghai Vice Mayor Hosts Banquet

OW2605044792 Shanghai People's Radio Network
in Mandarin 2300 GMT 24 May 92

[From the "Morning News" program]

[Text] Vice Mayor Zhao Qizheng last night [24 May] met with and hosted a banquet for Parodi, vice president of the Republic of Ecuador, and his entourage at the Xinjinjiang Hotel. On behalf of Mayor Huang Ju, Zhao Qizheng welcomed Vice President Parodi's visit to Shanghai, and briefed them on the status of Shanghai in China's economic development.

Zhao Qizheng said that the opening up of Pudong has provided opportunities to foreign entrepreneurs, and welcomed Ecuadoran friends to come to Shanghai for investment and cooperation.

Vice President Parodi said that there are many areas in which Ecuador and Shanghai can cooperate, and encouraged Ecuadoran entrepreneurs to come and invest in Shanghai. The Ecuadoran guests arrived in Shanghai by air yesterday.

Song Ping Meets Equatorial Guinean Visitors

OW2505121492 Beijing XINHUA in English
1155 GMT 25 May 92

[Text] Beijing, May 25 (XINHUA)—Song Ping, Standing Committee member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee met here this afternoon with a delegation from the Democratic Party of Equatorial Guinea, or Partido Democratico de Guinea Ecuatorial, which is led by Juan Micha Nsue Nfumu, political and administrative secretary of the party central committee.

In the meeting, Song and Nfumu expressed the mutual desire to further the existing friendly relations of cooperation between the two parties and countries.

Also, Song gave an account of China's position on the establishment of a new international political and economic order, according to a Chinese source.

Apart from Beijing, the group also toured hainan in South China during a week-long visit which will end tomorrow.

Political & Social

Police Cancel Concert, Tighten 'Control'

HK2305042692 Hong Kong SOUTH CHINA
MORNING POST in English 23 May 92 p 8

[By John Kohut in Beijing]

[Text] Police have forced the cancellation of a concert featuring top rock bands in what sources claim is another sign of the authorities' nervousness as the third anniversary of the June 4 massacre approaches.

The concert was supposed to have been held tomorrow at the Friendship Hotel in Beijing.

Among those scheduled to appear were the female band Cobra, another band called 1989, and rock star Cui Jian.

The programme was also to have included art performances such as the chanting of Buddhist scriptures and many tickets had already been sold.

However, sources said managers of the state-run hotel-apartment complex cancelled the event after being approached by police, who made a veiled threat by advising that security of the concert-goers could not be assured, one source said.

A woman at the Friendship Hotel's public relations department confirmed the show had been cancelled.

The police intervention appeared to be part of attempts to tighten social control in the run-up to the anniversary of the 1989 massacre.

In recent days, truckloads of armed soldiers have been seen driving around Beijing. Road blocks have been put up at night. Extra guards have also been stationed at the gates of universities.

Authorities also have made it much more difficult for Beijing-based correspondents to travel outside the capital.

Students Said To Post Posters, Plan 4 Jun Fast

HK2505130892 Hong Kong AFP in English 1256 GMT
25 May 92

[Text] Beijing, May 25 (AFP)—Students at Beijing University have put up protest posters and are planning a fast to commemorate the third anniversary of the military suppression of the 1989 pro-democracy movement, campus sources said.

Many seniors at the university, the hotbed of the movement, will not eat on the anniversary day, June 4, to remember those who died in the bloody crackdown on the movement, one student said.

"We are not allowed to express ourselves openly," another senior said. "So we must grieve silently."

Students have begun to put up posters and broken bottles in signs of protest, the sources said, and security on Beijing University campuses has been tightened.

At least two "big-character posters" calling for multi-party politics and political reform appeared over the weekend at the Triangle—the central campus area where announcements are posted.

But university security forces removed both posters within half an hour after they were put up, the sources added.

Students have also played rock music loudly in their dormitory rooms in the evenings and thrown bottles from their windows. The action is a symbolic protest against senior leader Deng Xiaoping, whose given name is a homonym for "small bottle" in Chinese.

A heavy police presence could be seen in the Haidian university district in the city's northwest. Security was especially tight at Beijing University, where students are now required to produce identification to enter the campus and foreigners must register when visiting.

Beijing University students have risked persecution to mark each anniversary of the 1989 crackdown on the student-led movement.

On June 3, 1990, a 22-year-old student leader was arrested on campus after giving an impromptu speech calling for political reform. The student, Li Mingqi, was later sentenced to two years' jail for "counter-revolutionary" crimes.

This year's commemoration will have special significance because of the Chinese tradition of mourning the third anniversary of death. The graduating class is also the last to have participated in the 1989 political movement.

Protestant Seminarian Released From Labor Camp

HK2305035592 Hong Kong SOUTH CHINA
MORNING POST in English 23 May 92 p 1

[Text] A protestant seminarian who was arrested after carrying a six-foot crucifix through Tiananmen Square in 1989 has been released, according to unconfirmed reports.

A church source said Liu Huanwen, aged in his late 20s, had reportedly been freed six months early from his two-year sentence in a labour camp. He was sentenced without trial in November 1990 to two years' re-education.

Authorities Releases 3 Roman Catholic Priests

HK2205115892 Hong Kong AFP in English
1147 GMT 22 May 92

[Text] Hong Kong, May 22 (AFP)—China has released early from jail three elderly Roman Catholic priests, a human rights campaigner said here Friday.

The Chinese authorities on Thursday released Peter Liu Guandong, 72, Francis Wang Yijun, 75, and Joseph Jin Dechen, 72, for "good behaviour" during their jail sentences, said John Kamm, citing an official letter to him from Beijing.

Liu, bishop of Yixian diocese in Hebei province and president of the underground Conference of Chinese Bishops, was arrested in November 1989 and jailed to three years' re-education through labor in May 1990 for "planning, organizing, and forming illegal organizations."

Wang, a priest from Zhejiang province, was arrested in 1982 and sentenced to an eight years in prison for "counter-revolutionaries activities," but was given an extra three years re-education through labor for "stubbornness" when the term ended.

He also spent 1955 to 1967 in a labor camp.

Jin, who was jailed from 1958 to 1973, was re-arrested in December 1981 and sentenced in July 1982 to 15 years.

The religious departments of Hebei and Zhejiang will look after Liu and Wang because they have no relatives to take care of them, the letter said.

China broke off relations with Rome in 1957 and set up its own Chinese Patriotic Catholic Association, which appoints its own prelates and swears allegiance to the communist party.

Members of China's underground church, which remains loyal to the Vatican, have been subject to repression and arrest.

Kamm, a Hong Kong-based consultant on business in China and campaigner for better human rights in the country, said he had been negotiating the release of the three priests with the Chinese authorities for the past eight months.

Hong Kong Men Who Sheltered Dissidents Released

HK2605074092 Beijing ZHONGGUO XINWEN SHE
in Chinese 0718 GMT 26 May 92

[Text] Guangzhou, 26 May (ZHONGGUO XINWEN SHE)—It has been learned from the authorities concerned that Hong Kong residents Lai Pui-sing and Lee Lung-hing, who were sentenced to prison for violating PRC criminal laws and who were serving their sentences, have been given medical parole by the relevant judicial organs in Guangdong and have been sent back to the other side of the border. The decision was executed yesterday.

It is known that Lai and Lee were sentenced to five years' and four years' imprisonment respectively on 12 October 1989 and 4 December 1989 by the judicial department for committing the crimes of harboring criminals and illegally crossing the national border. Now, as they have been given medical parole and sent

back to Hong Kong, their terms of imprisonment were terminated 28 months and 29 months early respectively.

Editorial on Mao's Talks on Literature, Art

OW2205192092 Beijing XINHUA Domestic Service
in Chinese 1321 GMT 22 May 92

[23 May RENMIN RIBAO Editorial: "Go Deep into the Realities of Life and Bring About a Creative Boom—in Commemoration of the 50th Anniversary of the Publication of the 'Talks at the Yanan Forum on Literature and Art'"]

[Text] Beijing, 22 May (XINHUA)—Spring is everywhere in the secret land of China in May. At a crucial moment when the people of the whole country are rallying more closely around the party Central Committee with Comrade Jiang Zemin as the nucleus and are accelerating reform and opening to the outside world and are striving to reach a new stage of development, we usher in the glorious day of the 50th anniversary of the publication of Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art." As we recall the eventful days of the past 50 years in conjunction with the new practice in literature and art in the 1990's, we feel profoundly that not only are the basic principles expounded in the "Talks" not outdated, but also that they have demonstrated more clearly their immortal value and practical significance in serving as guidance.

In the "Talks," Comrade Mao Zedong observed and studied a series of literary and artistic phenomena, particularly the world outlook, concept of history, and methodology on revolutionary literary and artistic phenomena, by applying dialectical materialism and historical materialism, and creatively developed Marxist theories on esthetics, literature, and art in the course of integrating them with the practice of the Chinese revolution and the movement of revolutionary literature and art in China. Thus, a system of Mao Zedong's thinking on literature and art with fresh and unique Chinese characteristics took shape, the essential core of which was the relationship between literature and art on the one hand and the people on the other, and between literature and art on the one hand and real life in the other. He said: "Our literature and art are for the masses of people." "This question of 'for whom' is fundamental; it is a question of principle." To correctly understand this question, we must resolutely take the road of creating literary and art works by "going into the realities of life." This is because social life "provides literature and art with an inexhaustible source, their only source." Over the past 50 years the orientation for literature and art—"for the masses of people"—and the way of creating literary and artistic works by "going deep in the realities of life," expounded in the "Talks," have illuminated the course of China's revolutionary cultural movement, nurtured several generations of literary and art workers, and produced a far-reaching impact on the thriving development of China's literature and art.

Just as the entire Marxist theory is an open system undergoing constant development, Mao Zedong's thinking on literature and art, embodied in a concentrated form by the "Talks," will inevitably undergo development with the passage of time. In his message of congratulations delivered at the fourth congress of Chinese literary and art workers and in his other related works, Comrade Deng Xiaoping has set an outstanding example for us to adhere to and develop Mao Zedong's thinking on literature and art in new historical conditions. Comrade Deng Xiaoping has scientifically expounded the party's requirements for literature and art in the new period, stressing that we must firmly adhere to the course of "serving the people and socialism" and uphold the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," emphasizing the flesh-and-blood relations between writers and artists on the one hand and the masses on the other. He expounded clearly: "The people are the mother of literary and art workers. The artistic life of all progressive literary and art workers lies in its flesh-and-blood relationship with the people. Artistic life will die out if this relationship is forgotten, neglected, and separated. People need literature and art, but literature and art need the people still more. Consciously drawing themes, main topics, plots, language, and poetic and painting inspiration from the actual lives of the people and nurturing oneself with the fighting spirit with which the people make history—this is the fundamental road that will lead our literature and art to prosperity." The rich and yet tortuous road which our country's literary and art creation has traversed during the past half century, especially in the new period of the past 10 years and more, shows that our literature and art will thrive if the relationship between literature and art on the one hand and the people on the other and between literary and artistic creation and real life is handled well, and that our literature and art will suffer setbacks and serious drawbacks if this relationship is not handled well. Since the Fourth Plenary Session of the 13th CPC Central Committee, our literary and artistic front has scored outstanding achievements by adhering to the principles of serving the people and socialism and letting a hundred flowers blossom and a hundred schools of thought contend, enriching itself while carrying out rectification, and stressing literary and artistic creation, enrichment, diversification and upholding the main theme while carrying out thorough reform and eliminating the influence of the trend toward bourgeois liberalization. It is particularly gratifying that in recent years a number of outstanding works in the fields of movies, television dramas, operas, plays, reportage, novels, poetry, music, dance, the arts, photography, storytelling, acrobatics, and calligraphy have emerged, all of which have been warmly enjoyed by the masses and have produced a great impact on society. These works are the result of the integration of writers and artists with the masses as well as the result of going deep in the realities of life.

At present the people of our country are engaged in an unprecedentedly noble undertaking. Adhering to the basic line of "one center, two basic points" for building socialism with Chinese characteristics, seizing the opportunity to accelerate reform and opening to the outside world, and concentrating on developing the economy—these are the overall and fundamental interests of the state and the people. Literary and art workers should consciously subordinate their interests to the overall interests, enthusiastically go into the realities of life, actively take part in the four modernizations drive and reform and opening to the outside world, and personally experience the people's needs in the swift current of real life. They should discover new characters and new worlds among the contingents marching toward reform. They should increase their ability to understand life, analyze life, and reflect life in the course of studying society and studying Marxism and Leninism. They should continue to create a wide variety of colorful literary and artistic works so as to keep up with the thriving development of the socialist modernization drive and to satisfy the people's increasing needs in various aspects of life, including spiritual and cultural ones.

Going deep into the realities of life and integrating with the people of the socialist era are essential for enriching socialist literature and art, and they are also essential requirements for further emancipating the productive forces for the arts and for accelerating structural reform of literature and art. The party should further improve its leadership over literary and art work. Party committees and government departments in charge of literature and art should adopt practical measures, draw up feasible plans, and set up and improve the necessary system and mechanism to encourage literary and art workers to go among the masses and to provide them with the necessary material conditions. At the same time, it is necessary to prevent oversimplification and avoid demanding uniformity in everything. We should do everything possible to encourage and support young and middle-aged writers and artists who are energetic, intelligent, and dare to make explorations. We should organize them to go into the realities of life so that they will be able to personally experience the pulse of the times and the people's needs while working on the front line of the four modernizations drive and reform and opening to the outside world. Writers and artists themselves should inherit and carry forward the good tradition of our revolutionary literature and art, overcome difficulties, and consciously and wholeheartedly go into the thick of life. All fronts and all trades and professions should make contributions to enriching literary and art creations by making it easy for writers and artists to go among the masses and by giving practical support. In short, we should emancipate our minds, boldly take part in practice, and constantly sum up the forms and methods writers and artists have adopted in going among the masses in the 1990's. We should constantly sum up their experiences, improve them, and gradually blaze a new trail that proves feasible. In this way, there will be a

sound foundation and a reliable guarantee for further developing socialist literature and art.

A Chinese saying says, "The water in the ditch can only come from the springhead." Going into the realities of life to enrich literary and artistic creation is the best way to commemorate the 50th anniversary of the publication of the "Talks" with actual deeds!

XINHUA Views Li Peng Jiangsu Inspection

Killed Version

OW2505212692 Beijing XINHUA Domestic Service in Chinese 0948 GMT 25 May 92

[By reporters Yin Xuecheng (3009 1331 2052) and Zou Aiguo (6760 1947 0948); Beijing XINHUA Domestic Service in Chinese at 1430 GMT on 25 May transmits a service message asking newspapers to discard the following in favor of a new version transmitted at 1351 GMT]

[Text] Nanjing, 25 May (XINHUA)—Premier Li Peng pointed out in Jiangsu recently: The reform of county-level organizations is an important ingredient in the effort to deepen reforms, as well as a component of the construction of socialism with Chinese characteristics. It will play a positive role in promoting China's economic and political restructuring. In reform, we should pay great attention to the important task of changing government functions and improving service.

On 23 May, Li Peng attended a national meeting on exchanging experiences in county-level comprehensive reform held in Changshu by the State Commission for Restructuring the Economy. He held discussions with delegates to the national meeting and was briefed by provincial, city, and county representatives on their reform experiences. He made an important speech during the discussion meeting.

Li Peng pointed out: Counties hold an important position in China's economic, political, and social development. It is both necessary and possible to carry out county-level comprehensive reform. In the scheme of national administration, county-level political power organizations have direct contacts with vast rural areas, perform quite adequate functions, and are the foundation of the administration. Agriculture is the foundation of the national economy, and 900 million of China's 1.1 billion people live in rural areas and in townships and towns under various counties. Rural economic development has an extremely important bearing on the national economic development and social stability. Hence, it is very important to carry out county-level comprehensive reform. He pointed out: China's economic reform began in rural areas. Changes in the situation in our rural areas over the last decade and more have attracted worldwide attention. In particular, the rise of village and town enterprises and the development of a commodity economy have brought historic progress in the rural economy. However, counties which connect urban and rural areas still cannot meet the needs in many respects

of the progressing economic reform and development of the socialist commodity economy. It is imperative to accelerate county-level comprehensive reform.

Li Peng said that because the whole country is actively implementing the guidelines of Comrade Deng Xiaoping's important talks, the present period is the right time to further deepen reforms and open the country wider to the outside world. He called on party and government organizations at all levels to take a further step to promote the county-level comprehensive reform in consideration of local reality. He pointed out that with the development of productive forces, the unfolding of county-level comprehensive reform will inevitably require corresponding reform of county-level organizations.

Li Peng proposed that in the reform of county-level organizations it is necessary first to set a clear and definite guiding principle. He said: County work should stress rural areas. It is necessary to first pay attention to agriculture. At the same time, great efforts should be made to do a good job in village and town enterprises and in tertiary industry, and to promote all-around rural economic and social development. The general orientation for reform of county-level organizations is taking the road of "smaller organizations and greater service," reducing administrative management and organizations, and further developing the service system. The major tasks of county-level organizations are to implement the party's basic line and to emphasize doing a good job in planning and supervising, as well as in providing services and information.

Li Peng said: According to the experience of some counties selected to do relevant experiments, some county-level government economic management departments should be turned into economic entities and service organizations. Most of their administrative functions should become service functions to serve agriculture, enterprises, and grass-roots units and to promote local economic development. The general objective of these economic entities and service entities is to gradually separate themselves from government financially and to become financially self-sufficient entities without any administrative functions, or entities with enterprise management. He called on localities to break down barriers among agriculture, industry, and trade and promote the integration of production-supply-marketing and agriculture-industry-trade.

Li Peng pointed out: In the course of changing functions, county-level organizations should straighten out their relationship with townships and towns. The powers which belong to townships and towns should be delegated to them, so that their powers are adequate.

Li Peng said: County-level organizations should adhere to the principle of streamlined administration and make great efforts to reduce organizations and personnel. Our country is so big that development is not on the same level from county to county, and we must not apply one formula in standardizing the organizational structure of

different counties. Instead, counties in the country should be divided into different categories according to such factors as level of economic development, population, and size, and their organizations and staffing should be established according to their category. They may set up or omit certain organizations according to local conditions, with the exception of the necessary ones mandated by central directives. Higher-level government departments should support the reform of county-level organizations, and should not assume a departmentalist mentality to demand the establishment of counterpart departments at lower levels.

On the reform of county-level institutions, Li Peng said: Different approaches should be adopted to deal with different situations. In future development, we should gradually reduce the institutions which enjoy full government funding or fixed-amount subsidies. We should introduce a system of competition, risk, and motivation in institutions and make institutions of varying categories serve social and economic development in an even better way.

Li Peng emphasized: In the course of streamlining organizations, we should attach great importance to rational use of qualified personnel and place personnel where they are needed. It is necessary to give full play to the wisdom, talents, and specialties of former government personnel, turn them into the backbone force of economic entities and service organizations, and make a rational distribution of manpower resources.

Premier Li Peng inspected large and medium-sized state-owned enterprises, Chinese-foreign joint ventures, village and town enterprises, harbors, material trade centers, and rural areas in Suzhou, Changshu, Zhangjiagang, Jiangyin, and Wuxi from 21 to 25 May in the company of Jiangsu provincial party Secretary Shen Daren and Governor Chen Huanyou. He visited Huaxi village which is known across the country for its agriculture-industry-trade integration, and he had a comprehensive conversation with the cadres, workers, and peasants there. He fully affirmed Jiangsu's economic development, the enthusiasm of the cadres and the people for reform and opening to the outside world, and their achievements in this regard. He urged Jiangsu to seize the opportunity of reform and opening to the outside world and continue to exert itself to develop its economy further.

He was accompanied on the inspection tour by the responsible persons of the departments concerned under the Central Committee and the State Council, including Luo Gan, Chen Jinhua, Zeng Qinghong, Zhang Zhijian, Wang Mengkui and Zhao Yundong.

Approved Version

OW2505213592 Beijing XINHUA Domestic Service
in Chinese 1351 GMT 25 May 92

[By reporters Yin Xuecheng (3009 1331 2052) and Zou Aiguo (6760 1947 0948); Beijing XINHUA Domestic

Service in Chinese at 1430 GMT on 25 May transmits a service message asking newspapers to use the following version instead of the version transmitted at 0948 GMT]

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Li Peng pointed out: Counties hold an important position in China's economic, political, and social development. It is both necessary and possible to carry out county-level comprehensive reform. In the scheme of national administration, county-level political power organizations have direct contacts with vast rural areas, perform quite adequate functions, and are the foundation of the administration. Agriculture is the foundation of the national economy, and 900 million of China's 1.1 billion people live in rural areas and in townships and towns under various counties. Rural economic development has an extremely important bearing on the national economic development and social stability. So, it is very important to carry out the county-level comprehensive reform. He pointed out: China's economic reform began in rural areas. Changes in the situation in our rural areas over the last decade and more have attracted worldwide attention. In particular, the rise of village and town enterprises and the development of a commodity economy have brought historic progress in the rural economy. However, counties which connect urban and rural areas still cannot meet the needs in many respects of the progressing economic reform and development of the socialist commodity economy. It is imperative to accelerate county-level comprehensive reform.

Li Peng said that as the whole country is actively implementing the guidelines of Comrade Deng Xiaoping's important talks, the present period is the right time to further deepen reforms and open the country wider to the outside world. He called on party and government organizations at all levels to take a further step to promote the county-level comprehensive reform in consideration of local reality. He pointed out that with the development of productive forces, the unfolding of county-level comprehensive reform will inevitably require corresponding reform of county-level organizations.

Li Peng proposed that in the reform of county-level organizations it is necessary first to set a clear and definite guiding principle. He said: County work should stress rural areas. It is necessary to first pay attention to agriculture. At the same time, we should do a good job in village and town enterprises and in tertiary industry, and to promote all-around rural economic and social development. The general orientation for reform of county-level organizations is taking the road of "smaller organizations and greater service," reducing administrative intervention, and further developing the service system. The major tasks of county-level organizations are to implement the party's basic line and to emphasize doing a good job in planning and supervising, as well as in providing services and information.

Li Peng said: According to the experience of some counties selected to do relevant experiments, some county-level economic management departments should be turned into economic entities and service organizations. Most of their administrative functions should become service functions. These economic entities and service entities should gradually separate themselves from government financially. They should not be given any administrative functions, nor should they become government-run companies working for the benefit of government organizations. They should be financially self-sufficient entities, or entities with enterprise management.

Li Peng pointed out: In the course of changing the functions of county-level organizations, we should straighten out the county's relationship with townships and towns, as well as the relationship between government and enterprises. The powers which belong to townships and towns should be delegated to them, as should the powers which belong to enterprises.

Li Peng said that county-level organizations should make great efforts to reduce organizations and personnel. He said: Our country is a developing big country, and the development is not on the same level from county to county. We must not apply one formula in standardizing the organizational structure of different counties. Instead, counties in the country should be rationally divided into different categories according to such factors as level of economic development, population, and size, and their organizations and staffing should be established according to the category. They may set up or omit certain organizations according to local conditions, with the exception of the necessary ones mandated by central directives. Higher-level government departments should support the reform of county-level organizations, and we should not demand that all departments have counterpart departments at lower levels.

On the reform of county-level institutions, Li Peng said: Different approaches should be adopted to deal with different situations. In future development, we should gradually reduce the institutions which enjoy full government funding or fixed-amount subsidies. We should

introduce a system of competition, risk, and motivation in institutions and make institutions of varying categories serve social and economic development in an even better way.

Li Peng emphasized: In the course of streamlining organizations, we should attach great importance to rational use of qualified personnel and place personnel where they are needed. It is necessary to give full play to the wisdom, talents, and specialties of former government personnel, turn them into the backbone force of economic entities and service organizations, and make a rational distribution of manpower resources.

Premier Li Peng inspected large and medium-sized state-owned enterprises, Chinese-foreign joint ventures, village and town enterprises, harbors, material trade centers, and rural areas in Suzhou, Changshu, Zhangjiagang, Jiangyin, and Wuxi from 21 to 25 May in the company of Jiangsu provincial party Secretary Shen Daren and Governor Chen Huanyou. He visited Huaxi village which is known across the country for its agriculture-industry-trade integration, and on his way he had a comprehensive conversation with local cadres, workers and peasants. He fully affirmed Jiangsu's economic development and the enthusiasm of the cadres and the people for reform and opening to the outside world. He said: Only by emancipating our mind and boldly exploring, can we blaze new trails and work out new ways. Only by relying on scientific and technological progress and attaching greater importance to the role of market force, can we achieve a faster and better economic development. He urged Jiangsu to seize the opportunity of reform and opening to the outside world and continue to exert itself to develop its economy further.

He was accompanied on the inspection tour by the responsible persons of the departments concerned under the Central Committee and the State Council, including Luo Gan, Chen Jinhua, Zeng Qinghong, Zhang Zhijian, Wang Mengkui and Zhao Yundong.

Li Attends County Reform Forum

OW2505163092 Beijing XINHUA in English
1515 GMT 25 May 92

[Text] Nanjing, May 25 (XINHUA)—Restructuring county-level administration should be focused on transforming its functions and strengthening its services for rural development, said Premier Li Peng during his study tour in Jiangsu Province in the past few days.

On May 23, Li Peng spoke at the first national conference on restructuring county-level administration held by the State Commission for Restructuring the Economy in Changshu city, Jiangsu Province.

Li pointed out, counties have been playing a very important role in the nation's economic, political and social development. Of the nation's 1.1 billion people, 900

million live in the countryside and small towns administered by the counties. This is where the nation's economic reform started more than ten years ago.

Li Peng pointed out, the restructuring of county-level administration would give an impetus to the nation's economic and political restructuring. This work aims to cut administrative interventions while providing more services to the local economy.

Li Peng said, the experiments conducted in a number of counties show that it is necessary to transform some economic administrative departments in county governments into economic entities and service organs which will no longer operate as government organizations but as enterprises.

Li continued that the restructuring of county-level administration also entailed a sharp reduction of the staff.

Accompanied by leading officials of Jiangsu Province, Li Peng visited a number of large and medium-sized state-run enterprises, Sino-foreign joint ventures and rural enterprises in Suzhou, Zhangjiagang, Wuxi and Jiangyin.

Further on Meeting

OW2605031792 Beijing XINHUA Domestic Service
in Chinese 0955 GMT 25 May 92

[Report by RENMIN RIBAO reporter Gong Yongquan (7895 3057 3123), XINHUA reporters Xiao Demu (5135 1795 2606) and Zhou Zhenfeng (0719 2182 0023)]

[Text] Nanjing, 25 May (XINHUA)—Convened by the State Economic System Restructuring Commission, the first national experience-exchange meeting on comprehensive reforms at the county level ended in Jiangsu's Changshu City on 24 May. The meeting demanded further emancipation of the mind, bold exploration, accelerated comprehensive reforms at the county level, and the establishment, in counties having the necessary conditions, of an economic operating mechanism combining the new system and plan of the socialist commodity economy and the market.

Premier Li Peng attended the meeting and held discussions with some of the delegates, during which he made an important speech on the question of deepening comprehensive reforms at the county level.

Since the early 1980's, experiments on comprehensive reforms at the county level have been carried out in 290 counties (cities) in 23 provinces, municipalities, and autonomous regions nationwide. Practice has demonstrated the basic experiences of such reform are to explore a new way for coordinated economic development for both the urban and rural areas by breaking urban-rural divisiveness and departmental segregation and linking agriculture, industry, and commerce; to widen independent economic management at the county level by delegating more powers to counties in matters

concerning unified and coordinated economic development, as well as means for such coordination; to reform the industrial management system at the county level by transforming the enterprises' operating mechanism and revitalizing enterprises under various systems of ownerships; to nurture markets and smooth circulation by exploring a realistic way to combine the planned and market economy; to transform the governments' functions by streamlining administration; to explore a new road for organizational reforms at the county level; and to delegate powers to towns and villages and straighten county-village relations.

During the past approximately 10 years, comprehensive reforms at the county level have brought profound changes to the urban and rural economic pattern, resulting in the breakdown of urban-rural divisiveness for the first time, the marked acceleration of economic development for small cities and towns, the prosperous development of town and village enterprises, and the strengthened capability for self-development at the county level. The number of counties with 100 million yuan in revenue now stand at 114, while more than 2,093 towns and villages have a gross domestic product of over 100 million yuan.

Touching on future tasks of comprehensive reforms at the county level, He Guanghai, vice minister in charge of the State Commission for Restructuring the Economy, pointed out: First, we should take local conditions into consideration and find the best way out for the reform, with adherence to the principles of "standing on what local conditions permit, being development-oriented, making strategic breakthroughs, and highlighting each other's own special features." Second, we should nurture and develop a market system, placing the goals of reform on the establishment of a new mechanism combining the planned and market economy. Currently, special attention should be given to setting up a urban-rural market system and organizational arrangements to facilitate enterprises entering the market. Third, we should actively proceed with the experiments on organizational reform at the county level and practically transform the governments' functions. Departments with the necessary conditions should explore the formats for the transformation of economic entities by providing various socialized services to the peasants, gradually building a county-level economic management system, and making a "small government rendering wide-ranging services." Fourth, we should stick tightly to rural reform by launching all-around package reform, energetically developing town and village enterprises and the third industry, intensifying circulation reform, establishing a unified socialist big market, and doing a good job in reforming macroeconomic regulation and control at the county level.

Li Peng Signs State Council Decree on Revision

OW2605030492 Beijing XINHUA Domestic Service
in Chinese 0718 GMT 25 May 92

[Text] Beijing, 25 May (XINHUA)—Decree of the State Council of the People's Republic of China.

Number 99.

"The decision of the State Council on the revision of Articles 2 and 26 of the 'Temporary Provisions on the Implementation of Labor Contract System in State Enterprises' has been adopted at the 102d executive meeting of the State Council on 24 April 1992, and is hereby announced to come into force this same day."

[Signed] Premier Li Peng.

[Dated] 18 May 1992.

Arsonist Seeking Revenge on Reformist Given Death

*HK2505115692 Beijing FAZHI RIBAO
in Chinese 27 Apr 92 p 1*

[Report by reporters Liu Heping (0491 0735 1627) and Li Ruowang (2621 5387 2598): "He Who Plays With Fire Will Get Burned—Cao Weihua Sentenced to Death for Committing Arson To Seek Revenge on Reformist Bank Official"]

[Text] Qinhuangdao, 25 Apr (FAZHI RIBAO)—On the morning of 25 April, the Intermediate Level People's Court in Qinhuangdao City, Hebei Province, concluded the first-instance trial of Cao Weihua's case. They sentenced arsonist Cao Weihua to death and deprived him of his political rights. The criminal case, which attracted close attention from the public in Qinhuangdao City, was tried by the court for more than one year before the first-instance sentence was announced.

Cao Weihua was formerly director of the Security Section of the Construction Bank in Qinhuangdao. Huang Chuanying, manager of the bank, boldly reformed the personnel and distribution system, strictly enforced work discipline and straightened out the work style, thus rapidly changing the backward conditions of the bank's work and making the bank an advanced work unit in the province. In the course of rectification, the party leading group of the bank held that Cao Weihua was incompetent for the job of director of the Security Section, and decided to relieve him of the office and maintain his original pay. Cao thus harbored resentment against bank manager Huang Chuanying. On the evening of 30 March last year, Cao Weihua took two bottles of gasoline to take reprisals against Huang Chuanying and his family by setting fire to Huang's house. This caused serious injury to the Huang couple and their two children.

This case severely shocked people of all levels in Qinhuangdao City. Deputy Secretary Zhang Yushu of the city party committee said that this was not an ordinary criminal case but one with serious political influence. He demanded that the judicial organs do their utmost to crack this case. After sentence was passed on the criminal, Ma Yushu, secretary of the Political and Judicial Commission of the city party committee, said: At present, Qinhuangdao City is facing the situation of quickening reform and opening. We do not have enough daring cadres like Huang Chuanying. If this case is not

properly handled, it will be hard to carry out such tasks as breaking the "three irons" and optimizing the combination of production factors. A number of similar cases occurred in recent months in Qinhuangdao, and we must pay serious attention to them.

Commentary Applauds Verdict

*HK2505115792 Beijing FAZHI RIBAO
in Chinese 27 Apr 92 p 1*

["Short commentary" by Chen Li (2525 7642): "Fulfill Sacred Duty"]

[Text] Arsonist Cao Weihua was sentenced to death after a first-instance trial. We should say "well done" to this. The sentence boosts the socialist legal system and demonstrates the dignity of the law.

At present, the people throughout the country are conscientiously studying and implementing the spirit of Comrade Deng Xiaoping's speeches during his inspection in the south. Deepening reform and expanding the scale of opening complies with the wishes of the people and has a bearing on the fundamental interests of the Chinese nation. However, reform is no smooth sailing. Reform will certainly affect some people's vested interests. When there are conflicts between their individual interests and the state interests, some people will fly into a fury and create all sorts of trouble. Some of them will even disregard the state's laws and make reckless moves in desperation to lay murderous hands on reformists. We must never take this possibility lightly.

Serving the central task of economic construction is the starting point and final purpose of judicial work. The judicial organs in all localities should boost their morale, fulfill their sacred duty, rapidly investigate and handle criminal cases of sabotaging reform and opening without delay, and particularly protect the personal safety of reformists who dare to take action and make breakthroughs, thus giving play to the role of the people's democratic dictatorship and guaranteeing the smooth development of reform and opening.

Column Views 'Explorations' for Progress

*HK1805015592 Beijing RENMIN RIBAO in Chinese
4 May 92 p 5*

["Study History, Usher in Tomorrow" column by Jin Chongji (6855 0394 0644): "Study Modern, Contemporary Chinese History, Forge Ahead While Constantly Making Explorations"; first paragraph is RENMIN RIBAO editor's note]

[Text] While building socialist material and spiritual civilization, one should know about yesterday's China. In particular, it is more necessary for the vast number of young people to know how today's China has come from yesterday's China. General Secretary Jiang Zemin pointed out many times the need to conduct education in patriotism, modern and contemporary history, and

national conditions. He also wrote words calling on all people to "study history, usher in tomorrow." According to this spirit, we particularly open this "Study History, Usher in Tomorrow" column. Readers and historians are welcome to send contributions to this column. Articles are expected to be short and pithy, and the style can be varied.

Constantly making explorations for forging ahead is a major characteristic of the Chinese people's experience loaded with hardships over the past more than 100 years, and is also a crucial point for correctly understanding many major issues in China's modern and contemporary history. Without giving consideration to the important characteristic of "explorations," one will find it very difficult to clearly explain many things.

Why were such explorations unavoidable? The reason is that in modern and contemporary history, Chinese society was situated amid drastic major changes; and phenomena that the Chinese people faced were always so acute, urgent, and complicated. On the other hand, we used to lack experience in handling the new problems that arose one after another. From the beginning of modern history, to seek the way to rescue the nation and the people, a multitude of progressive figures in China indomitably made explorations and advances in the darkness with amazing willpower. They made various trials, including such nationwide movements as the 1911 Revolution, but all of these efforts failed in the end. The founding of the CPC marked the beginning of a new epoch. Under the guidance of Marxism, the party charted the course of advance for the Chinese people. However, the path remained full of twists and turns.

China was originally a large Oriental agricultural country different from all the countries in Europe. It had a large population and a backward economy, with development in various localities being uneven. The strength of the proletariat in China was modest. To carry out revolution and conduct construction in such a country, one would certainly encounter numerous knotty new questions for which the solutions could not be found readily in books or in the experience of other nations. To find the proper way to combine the universal truth of Marxism with the concrete practice in China and to beat a path of their own, the Chinese people could only rely on their own efforts to make bold explorations and gradually accumulate experience in light of China's specific conditions.

In the course of exploration, it was natural that there was no perfect a priori-based program before action was taken, and it was impossible to make everything clear and gain 100 percent assurance before action was taken. In taking many actions, one might only find the correct overall orientation when one acted bravely to make advances. When making advances, one continuously tried various things. Unavoidably, there would be risks, twists and turns, and even serious setbacks. Of course, if better work was done and if one was more open-minded and careful, errors might be reduced to the minimum or

be corrected more quickly. However, it would be impossible to completely avoid errors. People can learn what to do and how to do it only by continuously summing up positive and negative experience in the course of practice, and solving problems and correcting errors after discovering them. If one does not dare to undertake any risk in making explorations, one will never gain any experience and will never train people with learning and ability. This is something like learning swimming. If one does not dare to step into the water and fears being choked by the water, one will never master the skill of swimming.

This was the case in the Democratic Revolution led by the CPC. The CPC immediately demonstrated its great vitality as soon as it was founded. In the first few years, the small party successfully created a great situation in a short period of time. This had not been seen before in China's history. However, in the course of advances, the party suffered two major failures, which almost completely ruined the revolution. The first was the failure of the Great Revolution in 1927, and was mainly caused by rightism. The second was the failure of the fifth campaign against the enemy's "encirclement and suppression" in 1934, and was mainly caused by "leftism." After the two major setbacks, the revolution was bogged down at a low ebb, and many people thought that the CPC would never be able to succeed. The facts were utterly different. The party accumulated rich experience from the two failures, and was tempered into a more mature and firmer body. It finally found the correct path to win victory for China's Democratic Revolution. This was in keeping with the objective law that governs the development of things.

After seizing state power in the whole country, the party was faced with a new question of how to build socialism in such a large undeveloped country as China. The CPC had united the entire people throughout the country to win a great victory that attracted worldwide attention, but as it could not copy a ready model from other nations and could only make bold explorations, it again committed some serious mistakes: On the one hand, it was unrealistically overanxious for quick achievements in economic construction; on the other hand, it improperly expanded the scope of class struggle (and this culminated in "taking class struggle as the key link"). These two mistakes were focused on the "Great Leap Forward" and the "Great Cultural Revolution." They both derived from the erroneous thought of "leftism." After these sufferings, through setting right things which were thrown into chaos, the party again returned to the correct path and made world-shaking achievements in socialist modernization. However, things of "leftism" remained deep-rooted in China, and errors also occurred in the other aspect. The greatest error existed in the field of education, and it found expression in the phenomenon of one hand being tough and the other hand being weak. The political turmoil in the turn of spring and summer of 1989 gave us a profound lesson. The turmoil was rightist in nature. After learning a lesson from the

negative experience of the two aspects, more people became sober-minded and could more deeply understand the party's basic line of one center, two basic points and more firmly follow the path of building socialism with Chinese characteristics.

Naturally, this is not an excuse for forgiving the mistakes we committed before. This only means that we need to adopt the attitude of concretely analyzing things by putting them against the historical conditions under which they occurred. For whatever reasons, even if the intention is good, as long as one goes against the objective laws, one will certainly incur punishment, and sometimes very severe punishment. People can have a comparatively more profound understanding of objective reality only through their own practice in reality. That is, "a fall into a pit, a gain in one's wit." The painful lessons can never be forgotten at any time.

In the future, we will still need to make further explorations when forging ahead. This will include the need to show respect for the voice of real life and make bold experiments under the premise of adhering to the party's basic line so that advances can be made continuously through summing up positive and negative experience at any time. Maybe we still need to take many years to work out a set of more mature and better-fixed systems in various fields as well as principles and policies corresponding to these systems. Because we have learned a lot from our previous positive and negative experience, our future explorations may be smoother than before, just like in the period of the Democratic Revolution, in which we advanced more smoothly later as we learned useful things from our previous experience.

We often say that practice is the sole criterion for testing truth. History, especially our nation's modern and contemporary history, provides us with a vivid record of our predecessors' social practice over a long period of time on the land of our country. We can certainly increase our wisdom and learn useful things by carefully studying the rich experience gained and tested by the Chinese people's social practice over the past more than 100 years and seeing what led to successes and what led to failures. Then our thinking will become more realistic, and we can be more clearly aware how we should continue to advance on the land of our country.

I think this is an important point in our present education in modern and contemporary Chinese history.

Housing Reform Shakes Traditional Concepts

OW2505092492 Beijing XINHUA in English
0821 GMT 25 May 92

[Text] Beijing, May 25 (XINHUA)—The concept of the Chinese people that houses are material benefits, not commodities, formed in the past more than 40 years now faces a serious challenge.

With the implementation of housing reform across the country, each of China's 300 million urban residents has had to examine and revise his or her budget, the China consumers news reports.

According to the office of housing reform under the state council, 20 cities and 30 counties and towns had mapped out housing reform plans before 1990. Meanwhile, several cities had conducted housing reform experiments.

The cities of Beijing, Tianjin and Shanghai and the provinces of Liaoning, Shandong, Zhejiang, Henan, Shaanxi and Jiangsu have handed over their housing reform plans to the State Council since the beginning of 1991. In addition, such reforms have been simultaneously carried out in the provinces of Sichuan, Guangdong and Guizhou.

In 1992 housing reform will be implemented in all the provinces, municipalities and cities in the country, excluding Taiwan and the Tibet autonomous region.

The housing system in China over the past 40 years featured low rents and free distribution of housing.

A survey carried out on 6,061 families in 47 cities shows that the monthly housing rent of each person only accounts for 1.3 percent of his or her total income per month. While the figure for 13 other developing countries with low income levels stands at 8.6 percent.

In tandem with the reform and opening to the outside world, the income of the Chinese people has increased greatly. However, the low housing rents have diverted money in the hands of the Chinese people into the consumption of luxury goods.

Materials from concerned departments show that the number of household electrical appliances per family nationwide has risen in the past 10 years to the level of that of the Western countries over 50 years.

No matter what measures are taken in housing reform, to every resident who has no private house, it will mean that his or her main expense will be rent or purchase of accommodation. This will be of particular concern to young people who are planning to set up homes.

On housing reform, people have different opinions. A survey carried out in the village of Wuyang near Guangzhou in the first half of last year showed that 55 percent of 468 families are satisfied, or comparatively satisfied with the original housing system, and only 16.91 percent are dissatisfied.

On housing reform, 34.26 percent expressed satisfaction and 31.69 percent expressed dissatisfaction.

Another survey, carried out in Shanghai, showed that those who support the housing reform are families which do not have enough room. Those who are against the reform are retired workers, unemployed workers and newly married couples with no housing of their own.

However, all people have become aware that the time when houses were granted to people as material benefits has gone forever.

Zhang Junping, a teacher at Xian Jiaotong University, still lives in his dormitory in his work unit, although he has been married for several years. Zhang said that at present the most important thing for his family is to have an apartment of their own. And he said he will be very happy to spend his savings to buy a house.

Meanwhile, in Tangshan in North China's Hebei Province, people's housing expenses have increased to 11.2 percent from the former 1.2 percent since housing reform was carried out in the city.

'Stories From Newsroom' on Social Connections *OW1405055492*

[Editorial Report] Beijing Central Television Program Two Network in Mandarin at 1230 GMT on 13 May broadcasts a 45-minute installment of the series "Stories From the Newsroom." The number of the installment is not specified. This episode is entitled "Things Can Be Done If You Have the Right Connections."

The episode is about the prevailing use of personal connections to get things done in society. The story begins when an aspiring writer tries to get her work published in SOCIAL GUIDE. She first enlists the help of her husband's friend, who asks his uncle to call Chief Editor Chen, an old friend of his uncle. After reading the manuscript, SOCIAL GUIDE editors agree that the work cannot be published as it is. Believing that the right connections will eventually persuade the editors to change their minds, her friend mobilizes his other relatives and friends who have some connections with the editors.

At one point, his friend boasts: "Wait until I mobilize my cronies to contact the publishers. Last time, when a Sichuan peasant came to the capital to present a treasure, was it not I who got the right connections for him at Zhongnanhai?" Thereafter, a flood of telephone calls and visits ensues. SOCIAL GUIDE finally agrees to publish her work after making some revisions.

Science & Technology

Official Speaks at Nuclear Power Seminar

Says Nation Aims To Ban Weapons

*HK2305033492 Hong Kong MING PAO in Chinese
23 May 92 p 6*

["Special dispatch": "Nuclear Industry Senior Cadre Visiting Hong Kong Says China's Ultimate Aim Is To Ban Nuclear Weapons"]

[Text] Vice President Huang Qitao of the China Nuclear Industry Corporation, who is visiting Hong Kong,

believes China's recent successful underground nuclear testing was aimed at developing nuclear weapons. But, he stressed, China's ultimate aim is to ban nuclear weapons.

On the strong reaction from the United States, Huang Qitao stated: The United States has no reason to intervene in China's nuclear testing. He said: "What has it got to do with the United States?"

According to Huang Qitao, underground nuclear testing would not cause too many problems of environmental pollution.

Huang Qitao arrived in Hong Kong not long ago. He made the above statement at a seminar on nuclear power in Hong Kong, sponsored by an international atomic energy body, when reporters asked about China's nuclear testing conducted not long ago.

U.S. 'Manipulating' Taiwan on Waste

*HK2305064492 Hong Kong THE STANDARD
in English 22 May 92 p A-6*

[By S.L. Law]

[Text] A Senior Chinese official responsible for the nuclear industry said Taiwan was possibly being manipulated by the United States over the joint nuclear waste disposal plan.

The joint disposal plan to exchange nuclear technology for waste disposal sites on the mainland was drawn up by Taiwan's Atomic Energy Council earlier this year and has been approved by the Mainland Affairs Council.

China National Nuclear Corporation vice-president and Guangdong Nuclear Investment Company chairman Huang Qitao said in Hong Kong yesterday the fear of foreign manipulation meant China was being extremely cautious about the proposal.

"The two sides have still not met officially to talk about the proposal," Mr Huang said.

He is in Hong Kong to attend the International Atomic Energy Agency Seminar on nuclear energy which started yesterday.

Direct communication with the mainland is still illegal in Taiwan, but the two sides were reported to have met last month to discuss the Taiwan proposal through civil nuclear organisations.

Mr Huang admitted that these talks had taken place, but complained that unofficial channels did not make Taiwan's intentions perfectly clear.

"We still cannot understand Taiwan's ideas very clearly," he said.

"This is a very politically sensitive matter."

Mr Huang said China intended to build a nuclear fuel reprocessing plant in the northwestern Gansu province.

The plant would process spent fuel from the Daya Bay nuclear plant.

Mr Huang said middle and high level wastes would be temporarily stored to the Daya Bay site until a regional storage was built.

"There is a possibility that a site in the Guangdong province will be selected," he said.

Large-Capacity Laser Disk Publication Released

OW2505045692 Beijing XINHUA Domestic Service
in Chinese 0944 GMT 22 May 92

[Text] Beijing, 22 May (XINHUA)—A publication in the form of a CD-ROM laser disk was released by the Beijing Jinpan Company in Beijing recently. Outwardly resembling an ordinary laser disk and weighing only 10 grams or so, the publication has a storage capacity equivalent to the contents of 440 English-Chinese dictionaries (containing over 200,000 pages).

With its huge storage capacity and standardized format, the publication has become a brand-new medium for transmitting information in today's society which is flooded with various types of information. Capable of simultaneously storing programs, texts, graphs, voices, and pictures, it marks a departure from the unimaginative reading mode of the past and gives people a sense of complete novelty.

The successful launching of the publication has catapulted our country into the ranks of a handful of countries with laser disk manufacturing capacity in the world.

Government Strengthens Work in Frontier Sciences

OW2505122292 Beijing XINHUA in English 1126 GMT
25 May 92

[Text] Beijing, May 25 (XINHUA)—The China Natural Sciences Foundation will increase its support of basic research to over 226 million yuan in 1992.

The move indicates the Chinese Government is paying greater attention to the frontier sciences, including space science, astronomy, high energy physics, life sciences and marine sciences.

Speaking at a press conference today, Professor Zhang Chunhao, chairman of the foundation, said that in space science China will give priority to the development of ground observation stations, atmospheric balloons, and rockets and satellites in order to study the physical environment some 30 kilometers above the surface of the earth.

China's rocket launch site on Hainan Island, cosmic ray observation station in Tibet, and research station in the

Antarctic will be used to collect data for the launch of space vehicles and communications and navigation satellites, as well as for power transmission and geological exploration.

According to Zhang, Chinese scientists will study celestial bodies, including satellites and other space vehicles within the solar system.

Professor Zhang said that "in the meantime, we encourage scientists to study various heavenly bodies, particularly, neutron stars and supernovas both inside and outside the galaxy."

He noted that Chinese scientists will search for new particles and study the origin of cosmic rays by using Beijing's electron-positron collider and observation stations on the Tibetan plateau.

"We also encourage Chinese scientists to conduct high energy physics experiments on large high energy accelerators abroad," said Zhang.

He pointed out that Chinese scientists will be encouraged to find ways to prevent and control of [as received] deadly or highly contagious diseases such as the plague, cholera, hepatitis, AIDS, venereal diseases, snail fever, heart disease, and cancer.

Zhang concluded by saying that along with opening to the outside world and the developing of global ocean sciences, China will shift its focus to the continental shelf in neighboring oceans and the Antarctic region.

Military

Central Military Commission Issues Fiscal Rules

OW2505111792 Beijing XINHUA Domestic Service
in Chinese 0437 GMT 25 May 92

[Text] Beijing, 25 May (XINHUA)—The Central Military Commission, in the "Regulations for Improving Armed Forces' Financial Management" it recently issued, called upon all units to improve their collective financial management so that the needs of the Armed Forces' priority construction projects can be ensured.

The regulations set forth the following six requirements:

1. Intensify budget management. All regiments and larger units in the Armed Forces must draw up and strictly execute their annual budgets of all revenues and expenditures, and they must examine and assess how the budgets are drawn up and executed. Investment in capital construction projects, expenditures on high-grade and controlled commodities, and administrative expenses must be strictly controlled.

2. Intensify control of support services. All units must enlist and discharge their personnel, assign cadres, or employ staff members in accordance with their authorized sizes. Competent authorities of nonbudgetary

enterprises, military-operated enterprises, and establishments managed like enterprises may not enlist the services of servicemen on active duty or regular staff members. If they have already done so, the needed expenses for their service shall not be written off as military expenditures.

3. Intensify collective management of budgets. The budgets of all departments, as well as nonbudgetary expenses they have withheld for their own use—including production incomes, surpluses from previous budgets, and amounts of cash converted from the use of materials in inventory—must be listed in annual financial plans, and overall plans must be drawn up for the use of these funds. Profits earned by military-operated enterprises, incomes from all sorts of developmental projects, and incomes from agricultural and sideline production must be used or delivered to the state according to regulations. Self-raised money for capital construction projects must be deposited at banks first before it can be withdrawn for use, and there shall be a ceiling for the maximum amounts of money at the disposal of authorities at various levels. Before opening a bank account, a unit must first have the approval of the financial authorities with approval authority in logistic support departments. Budgetary expenses are strictly forbidden to be used as loans, loan collateral, or funds for nonbudgetary projects.

4. Intensify the fiscal management of production operations. Rules and regulations governing the financial management of production operations, and the raising and use of production capital, and the distribution and control of production profits shall be drawn up and handled by fiscal authorities of logistics support departments.

5. Intensify auditing and fiscal supervision. All economic operations of any military unit and department are subjected to the supervision of auditing and fiscal departments.

6. Party committees must provide stronger leadership over fiscal affairs. Functionary authorities must assess all major expenditures and present their views to party committees for the final decisions. Leading authorities at all levels must take the lead in abiding by financial rules. They must take action against irregularities, and set an example by performing their duties honestly and abiding by laws and discipline.

Seaplane Unit Begins Patrolling Duties

HK2405012992 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0751 GMT 16 May 92

[Text] Beijing, 16 May (ZHONGGUO TONGXUN SHE)—The fact that the PLA [People's Liberation Army] Navy Airborne Troops Seaplane Unit has now officially assumed sea patrol duties symbolizes the leap to a new height of this Naval special aircraft unit's training.

The Seaplane Unit used to conduct nearshore aerial surveys and rescue operations. Since the beginning of the year, however, the unit has strengthened the scientific proof of infralittoral training and simulated exercises. They have conducted highly difficult exercises under complicated conditions, including emergency operations, and hyper-low and nearshore submarine tracking and antisubmarine operations. For the first time in many years, they have succeeded in organizing sea-air extended exercises which stretched the longest distance and lasted the longest time; accurately flew to certain sea areas on the high seas; and succeeded in uncommanded high-sea landing, thus laying a solid foundation for performing sea-air patrol duties.

It is said that the unit has trained a number of top-grade pilots and skilled technical personnel, their machinery maintenance capability has been greatly enhanced, and their rate of aircraft flight operations has been greatly increased.

Armored Units Increase Technical Support Ability

HK2505104592 Beijing ZHONGGUO XINWEN SHE in Chinese 0506 GMT 21 May 92

[By correspondents Wang Fuli (3769 2105 3680) and Liu Jian (0491 0256) and reporter Yu Donghui (0151 2639 2547)]

[Text] Beijing, 21 May (ZHONGGUO XINWEN SHE)—The emergence of a number of new tracked armored technical support vehicles in the armored troops of the Chinese People's Liberation Army [PLA] indicates that the field technical support capability of the troops has reached a new standard and that their comprehensive combat power has been increased.

Some time ago, a tank division under the Beijing Military Command conducted a field rescue and repair exercise. At the training ground, we saw technical support vehicles of new types, such as tracked tank salvage vehicles [lu dai shi tan ke qiang jiu che 1462 1601 1709 0982 0344 2293 2405 6508], tracked tank recovery vehicles, tracked technical observation vehicles, and tracked armored ambulances, follow the tank units charging on the front line. Instituting the practice of "doing rush repairs as near to the front as possible and giving on-site support," these vehicles promptly repaired the damaged tanks so that they could rejoin the battle, thus substantially increasing the field salvage and repair capability and comprehensive combat power of the armored mechanized units.

Given modern warfare, with an enhanced level of use of armor and a higher level of mechanization, the armored troops' technical support for preserving and restoring combat power has been given widespread attention. During the Gulf war last year, a French journalist reported: "Whenever you see an M1-A1 tank on the highway, you can see at least 10 logistic support vehicles." According to a briefing, in the fourth Middle East war, thanks to the powerful technical support capability

of the Israeli troops, the miracle was that "the more you fought, the more tanks you had," and the recovery of damaged tanks had a major impact on the war situation as a whole.

In recent years, rapid progress has been made in the technical support and equipment management of the Chinese armored troops. According to the briefing, the troops have stepped up infrastructural construction and amplified a whole set of rules and regulations on technical and equipment management. The rate of troop equipment being in good condition meets the requirement of the general department and the rate of tanks being in good condition is over 85 percent. In recent years, the armored department has won state- and army-level awards for over 100 scientific and technological achievements and a number of new technologies and techniques have been applied in testing and repairing equipment. In training skilled personnel, the armored troops have established a system of integrating academies with bases and trained over 100,000 technical cadres and tank repairmen.

Recently, the armored troops of the Chinese PLA held an on-site technical work meeting to sum up and popularize the experience of a tank division under the Beijing Military Command. At the meeting, Deputy Chief of Staff Han Huaizhi stressed the need to pay further attention to quality and have the best armed forces that our conditions permit so as to raise the technical support and equipment management of the armored troops to a new level.

Former Shenyang Military Region Adviser Dies

OW2405060592 Beijing XINHUA Domestic Service
in Chinese 0430 GMT 22 May 92

[Excerpt] Shenyang, 22 May (XINHUA)—Comrade Luo Kunshan, former adviser to the Shenyang Military Region, died of illness in Shenyang on 2 April. He was 75 years old. [passage omitted]

Economic & Agricultural

Restructuring Body Outlines Recovery Measures

HK2305030992 Hong Kong CHING-CHI TAO-PAO
in Chinese No 19, 18 May 92 p 21

["China Economic News" article: "State Commission for Restructuring the Economic System Outlines Policies To Boost Economic Growth"]

[Text] The State Commission for Restructuring the Economic System recently spelled out new countermeasures designed to promote economic recovery at a forum on organizational and structural readjustment of enterprises. The main features are as follows:

1. We must formulate and implement a scientific policy on the organization of enterprises and on the industrial structure. The objectives are: In each sector, there should

be a number of leading enterprises that have a certain economic scale. For new enterprises that do not measure up to the minimum economic scale, their application will be rejected by the examination and approval departments and no work permit will be issued by the planning department of the relevant sector. Existing enterprises should carry out specialized reorganization in a planned manner with the large dominant enterprises spearheading the move. The standards for minimum economic scale should be drawn up product by product in accordance with China's national conditions. As the economy develops, these standards should be amended accordingly.

2. We should formulate and carry out a technological policy for each sector. We must firmly stop the continuing extensive multiplication and spread of middle- and low-level technology. In particular, legal means should be used to prohibit the flow of expensive and low-efficiency equipment, unsafe facilities, and low level technology and installations previously discarded by large enterprises to enterprises that were indiscriminately set up.

3. Enterprise groups should be established according to the demands of economies of scale and in line with the principle of specialized coordination. Experiments in this area may begin in sectors where demand for centralized production is fairly high and conditions relatively good, such as automobiles, home appliances, rubber, bearings, and chemical fertilizers.

4. We should introduce taxes on the flow of investment, correct the distorted market signals, limit the reckless growth of departments where supply is in excess, and contain irrational investment behaviors. We should actively guide the flow of capital outside the budgetary plans by means of shareholding by legal persons, improve the floating market for productive factors, and create the conditions for the best combination of inventory assets.

XINHUA Defends Anti-Fake Products Campaign

OW2305210392 Beijing XINHUA Domestic Service
in Chinese 2102 GMT 21 May 92

[From the "China's Long March Toward Quality Improvement" series: "It Is Necessary to Follow the Correct Road in Developing the Economy"]

[Text] Beijing, 22 May (XINHUA)—Fake and low-quality products are a knotty problem for consumers, as well as for supervisory departments and enterprises manufacturing brand-name products.

Why?

Imitation Usually Has a Protective Umbrella

Imitation has become very abnormal: (1) Some people have become very bold in making imitations. They are bent on making money and ignore all consequences.

They even dare to make fake medicines, something that affects human life. (2) Some people will seize every opportunity to make any kind of imitation. They are particularly fond of imitating brand-name products. As a result, it is hard to tell the real and fake products; consumers have been cheated, and many enterprises have suffered losses. (3) The techniques in making imitations has become more advanced, and it is hard for ordinary people to distinguish between real and fake products. (4) In some places, when the "nest" of imitators was smashed, they resorted to "guerrilla warfare."

It is difficult to crack down on imitators. One reason is that they are sheltered by local protectionism. Because of this, imitators are abetted, allowed to have their way, and even protected. In covering news in various areas, this reporter has realized that to crack down on imitators, it is necessary to boldly face the challenge. The challenge does not lie in enterprises but in local protectionism. During this "10,000 li march," this reporter discovered that enterprises' problems were generally easy to solve in places where governments assumed a clear-cut and correct attitude.

Analysis of Reasons for Local Protectionism

Through contacts with local leaders, this reporter found that there seemed to be "ample" reasons for imitators to be affected by a protectionist ideology.

The first reason: "The theory that this is unavoidable." "The phenomenon of making fake products during the initial stage of the development of a commodity economy has been the same in various countries. This is of course inevitable in China." What we want to ask is: Since you acknowledged that this is "inevitable," does "inevitable" then mean legal? If it is illegal, the positive attitude one should take ought to be that the more inevitable it is, the more effort one should exert to control the manufacture of fake products.

The second reason: "The theory about production standards." "This is our production standard here. We have always been making products this way. What can we do?" We want to tell you: Since your production standards are low, it is difficult to make good quality products overnight. But you can sell your products to the market as they are. Why must you imitate other people's good-quality products? If your production standards are so low that the products you make are harmful to health and endanger the people's safety, this is then not a question of low production standards but a question of qualification.

The third reason: "The poverty theory." "Ours are poor areas. How can we become prosperous if we do not do it this way? How can we resolve our financial problems?" But poverty is no reason for making imitations and violating the law. Making fake products in violation of the law will surely hurt the local economy and harm the local people in the end.

The fourth reason: "The theory of losses." "We have lost tens of thousands of yuan as a result of your cracking down on fake and low-quality products!" You are wrong. Do you know the production of fake products in your locality has caused the state and other people tens of thousands of yuan of losses? Cracking down on manufacturers of imitations is of course meant to cause them "economic losses." Otherwise, what would be the use of cracking down? People now say that the penalties for makers of fake products are not a deterrence because they are too light. Obviously, it is the makers of fake products, not those who are cracking down that should be blamed for local economic losses.

The More You Follow the Correct Road, the Better Off You Will Be

Dealing with poverty by making fake products is like drinking poison to quench one's thirst. Reputation is very important in developing a commodity economy. In a sense, reputation is an inestimable wealth. Ruining one's own reputation will result in heavy punishment.

The "case of fake medicine in Jinjiang" has caused the people in Jinjiang heavy losses for a few years. The low-quality, low-voltage electrical appliances in Leqing County incurred economic losses for all of Zhejiang Province. A provincial leader once said that the problem of quality in a county would make people doubt the quality of products manufactured in the whole province of Zhejiang. What this means is very clear today when market competition is very fierce.

Covering news at a distillery in Gulin County, our reporters discovered that this distillery had been guilty of infringing on patent rights. Its basic production conditions are not bad, and the quality of the wine it made was pretty good. Why didn't it strive to make its own brand-name wine? Instead of making one kind of wine, it should make several kinds of famous wine. Is this not good for the locality? Of course, it requires great effort, but they certainly will be less than the effort to make fake products and the effort that is made in cracking down on makers of fake products. Is this not true? If a maker of fake products does not know this simple calculation, then the local government should know better.

Following the correct road in developing the economy will certainly lead to brightness and success.

Government To Accelerate Ethnic Areas Development

OW2505100192 Beijing XINHUA in English
0944 GMT 25 May 92

[Text] Beijing, May 25 (XINHUA)—The Chinese Government plans to institute a series of measures designed to accelerate economic development in areas inhabited by minority nationalities.

According to Zhang Pan, deputy director of the State Council's Development Research Center, the measures

include the readjustment of industrial sectors, and accelerating the integration of the state enterprises with traditional local industry.

Speaking at an recent national symposium on economic and social development in ethnic areas, Zhang said that over the next few years the Chinese Government plans to enhance the economic vitality and role of large- and medium-sized state enterprises in the areas.

The enterprises will be encouraged to distribute products to the various localities, expand satellite production of components and develop agricultural and side-line production bases.

Zhang said the enterprises will also be encouraged to allocate a portion of their funds to develop the production of economic crops and intensive animal husbandry in ethnic areas.

At the same time, the state government will grant special preferential policies to the large- and medium-sized enterprises in the areas to enable them to undertake technical upgrades and promote the development of medium- and small-sized enterprises.

He noted that, during the 1990's, the Chinese Government will invest several billion yuan to construct a large number of agricultural, livestock and forestry bases, improve basic facilities for farming, and further protect the environment.

The central government will also formulate preferential policies related to taxation, credit and technology in order to support the development of rural industry.

Developed provinces and municipalities will be encouraged to transfer technology, as well as professional people, equipment and funds to minority nationality areas in order to enhance their economic strength and self-development capacity, and raise the level of commodity economy.

In addition, he said, the state will also adopt necessary policies to protect the production and sale of daily-use products.

Article Warns Against 'Rigidity', 'Confusion'

HK2505031092 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0815 GMT 19 May 92

[“Special article” by Zhao Wen (6392 2429)]

[Text] Hong Kong, 19 May (ZHONGGUO TONGXUN SHE)—Within a short period of only a few months since Deng Xiaoping gave important talks during his southern trip earlier this year, the whole of China, from north to south and from east to west, has displayed a brand new situation in speeding up the process of comprehensive opening up. While the central authorities have streamlined administration and delegated powers and the localities' economic decision-making powers are further extended, some economic experts have pointed out that

it is absolutely necessary for the central government to appropriately and effectively exercise macrocontrol and regulation. We should avoid repetition of the past practice of “control leading to rigidity, and openness to confusion.”

The coastal open areas have recently proposed ideas and specific measures for “accelerating the pace and expanding the scope of reform.” In light of their varying conditions and circumstances, the interior areas have also proposed new measures for opening up wider to the outside world. The remote border national autonomous regions, including Xinjiang, Tibet, Inner Mongolia, and Ningxia, have one after another forwarded the development strategy of “opening up to the outside world and opening up the border posts,” resulting in a comprehensive and accelerated opening up. Meanwhile, the scope of opening up has become more extensive. The gates of some fields, which had always been restricted to the outside, will gradually be open to the outside world.

It is conceivable that the in-depth and extensive development of opening up will promote the economy of Mainland China as a whole. While the central authorities have streamlined administration and delegated powers and the localities have more decision-making powers for their economic affairs, some economic experts have pointed out, it is absolutely necessary for the central government to maintain appropriate and effective macrocontrol and regulation.

Take for example the approval granted to foreign businessmen to run enterprises, even the export and foreign exchange earning enterprises are allowed to market some of their products in the domestic market. If the localities blindly import duplicates on a large scale, it will greatly impact the mainland market and exert a strong pressure on large and medium-size state enterprises that are undergoing enterprise structural reform and bringing about changes in their operational mechanism. Moreover, instead of running headlong into mass action in places where conditions are not ripe, the development of stock markets and particularly the issue of shares abroad should be carried out gradually in stages when experiments conducted in Shenzhen and Shanghai have proved successful and when the relevant laws and regulations are improved. Appropriate and effective macrocontrol and regulation exercised by the central government can avoid repetition of “control leading to rigidity, and openness to confusion.” It is a problem to be faced up to and resolved by the central government to avoid the practice of “control leading to rigidity, and openness to confusion.”

Stone Corporation To Float Public Shares

HK2605083692 Beijing CHINA DAILY in English 26 May 92 p 2

[By staff reporter: “Hi-Tech Company Looking to Future”]

[Text] The Stone Group, one of the major hi-tech firms based in Beijing, marked its eighth birthday earlier this month with the announcement of ambitious expansion plans for the decade ahead.

Duan Yongji, the company's president, said that Stone has decided to undertake the share-holding reform and "go public" in the near future.

A Stone official said that the company had just reached the decision and had "not started to go into details."

Earlier newspaper reports quoted He Yang, a senior Beijing official, as saying that Stone, together with four other companies, has already been selected as the first to experiment with the public flotation of its shares.

Meanwhile, Duan announced that Stone would try to become an international conglomerate with a turnover amounting to 10 billion yuan (\$1.8 billion) at the turn of the century.

"To attain that goal, we must grow by 25 percent annually from now on," he said.

The ambitious expansion plan was underlined by the strong growth momentum of the past eight years.

In 1990 and 1991, Stone registered respectively 60 percent and 96 percent increased in annual sales.

In the first quarter of this year, the group reported a 35 percent rise in sales over the same period last year.

In 1984, Stone was just a tiny rural firm armed with just 20,000 yuan (\$3,600) in loans and a dozen of scientists.

Nowadays, it ranks high among the country's non-governmental hi-tech companies. It owns 50 subsidiaries and joint ventures as well as six overseas divisions with over 2,500 employees.

Last year, the company's total business turnover topped 2 billion yuan (\$363 million), up 640 million yuan (\$116 million) over the previous year.

Profits rose to 100 million yuan (\$18 million) last year from 60 million yuan (\$11 million) in 1990. It also earned more than \$20 million from exports last year, an 18 percent increase.

Duan said that Stone planned to expand its operations in Hong Kong where the company would set up hi-tech research and training centres.

It intended to hire more overseas employees and adopt measures to merge with and take over some overseas enterprises.

Typewriters and word processors are now the company's flagship products. Stone's business scope also includes computer software and hardware, electronic components, and mechanical engineering equipment.

He said that further expansion of the domestic market continued to be the top priority for the company.

Large Enterprises Urged To Enter Stock Market

HK2305030892 Hong Kong CHING-CHI TAO-PAO
in Chinese No 19, 18 May 92 p 21

["China Economic News" article: "State Planning Commission Urges Large Enterprises To Raise Funds by Taking Part in the Stock Market"]

[Text] The State Planning Commission recently suggested that while maintaining the dominant position of state securities as the principal source of financing in the Eighth Five-Year Plan period, qualified large enterprises should be actively encouraged to raise funds by taking part in the stock market and appropriately boosting the proportion of shares among the securities issued to raise funds. At the same time, the methods used to issue securities should be improved. The proposals' principal features are:

1. Based on the uses of securities funds, we should set up a standardized series of securities and gradually separate national debts used for active construction from national debts used to cover financial deficits. At the same time, we should link construction debts with projects.

2. We should actively promote commercialization in the issuance of securities. Under the present circumstances where mechanisms remain imperfect, we should apply different methods to issue bond certificates intended for various purposes, that is: Financial bond certificates should be offered for sale to banks, nonbank intermediate financial institutions, and local governments; construction bonds should be sold in proper proportion to enterprises based on the industrial policy; refunding bonds should be issued to replace expiring bonds in the market or sold openly and directly to the public and then gradually issued in the market in accordance to market situation; and financial bonds, local business bonds, and shares should be issued in the market.

3. The interest rates in the securities market should be coordinated as a whole based on society's credit situation and on the conditions of the securities market and in accordance with the life of the securities, liquidity, risks, and issuance mode.

4. We should appropriately expand nonbank intermediate financial institutions and financial companies, display their functions in helping enterprises enter the securities market to raise funds, and issue bonds on behalf of certain medium and small enterprises to standardize the issuance of enterprises' bonds.

Exchange Control Measures To Help State Firms

HK2305030692 Hong Kong CHING-CHI TAO-PAO
in Chinese No 19, 18 May 92 p 20

["China Economic News" article: "State Administration for Exchange Control Takes Steps To Help Improve State-Run Enterprises"]

[Text] The State Administration for Exchange Control has adopted the following measures to support efforts to improve large and medium-size state enterprises:

- With regard to the export of large machinery and installations, advance credits and foreign exchange retention will be allowed so that crucial small equipment, spare parts, and raw and semifinished materials needed for the project can be imported and the shortage of foreign currency-denominated capital in large and medium-size enterprises can be alleviated.
- Within the framework of the state plan, large and medium-size enterprises may be allowed to substitute importation with production and exportation with importation, to settle accounts in foreign exchange, and to demand foreign currency payment for part of accounts settled in renminbi.
- Regulation of foreign currency by large and medium-size enterprises will be given due emphasis.
- Within the framework of state plans, large and medium-size enterprises will be allowed to borrow directly from abroad to make up for insufficient domestic funding.
- In line with the state's industrial policy, a certain amount of foreign currency will be used to raise the import of technology and facilities and to focus on the technological upgrading of large and medium-size enterprises.

Finance Ministry Steps Aid Enterprise Groups

HK2305030492 Hong Kong CHING-CHI TAO-PAO
in Chinese No 19, 18 May 92 p 20

["China Economic News" article: "Ministry of Finance Outlines Steps To Support Growth of Enterprises' Groups"]

[Text] The Ministry of Finance will take the following steps to support the development of enterprises' groups:

1. Final estimates of enterprise groups that transcend regions and that only affect the interests among regions may be discussed and carried out by the original relevant financial departments.
2. 1. Enterprise groups that transcend regions and that only affect the interests among regions may settle accounts through discussion with the original relevant authorities, carry out cardinal transformation [ji shu zhuan hua 1015 2422 6567 0553] as well as adopt the method of joint operation and investment but separation of profits.
3. Enterprise groups that carry out the "six integrations" of manpower, finance, materials, assets, supply, and marketing, and that share the same financial and superior departments, may award contracts to each other.

4. Large, intensive enterprise groups established with state approval may in principle be listed separately under the state financial plan based on existing relations between superior and subordinate departments.

Poor Efficiency Said Still Troubling Industry

OW2605103392 Beijing XINHUA in English
0658 GMT 26 May 92

[Text] Beijing, May 26 (XINHUA)—China's industrial enterprises are still facing the arduous task of increasing efficiency although last year they achieved a slight recovery in efficiency, according to related departments of the State Council.

During the first four months of this year a total of 1,200 industrial firms reversed their loss-making situation. Now, the rate of loss-making enterprises in the country is 36.3 percent, 3.1 percentage points fewer compared with the same period last year. The total losses in industrial production nationwide amounted to 12 billion yuan (about two billion U.S. dollars) in the first four months of this year, the "PEOPLE'S DAILY" [RENMIN RIBAO] reported today.

In this period, losses in the coal industry increased by 20.5 percent, in the oil industry by 17.3 percent, in the nonferrous metal industry by 1.09 times, in the tobacco industry by 4.0 percent, and in military industrial firms by 7.5 percent. The losses made by these five sectors account for 98.9 percent of the total in the state-owned sector.

Local industrial production reduced losses by two percent in the first four months of this year compared with the same period last year.

The losses of 15 regions increased, while in another 15 they were reduced. Those suffering big losses included Tianjin—26.9 percent, Heilongjiang Province—22 percent, Shanghai—31.5 percent, Guangdong Province—30 percent, the Guangxi Zhuang autonomous region—49.9 percent, Hainan Province—33.7 percent, Yunnan Province—26.3 percent, Qinghai Province—37.1 percent, the Ningxia Hui Autonomous region—52 percent and the Xinjiang Uygur Autonomous Region—33.2 percent.

The 15 who reduced their losses include Shanxi Province—by 31 percent, Zhejiang Province—20.4 percent, Jiangxi Province—33.1 percent, Shandong Province—25.1 percent, Hubei Province—25.9 percent and Hunan Province—32.3 percent.

The losses are mainly in the fields of coal, oil, machine-building, electricity and light industry. Especially, the losses of the state-owned coal and oil enterprises keep increasing, but local industry is becoming more efficient and only recorded a loss of two percent in the first four months of this year.

Readjustments in Industrial Structure Planned

HK2305030792 Hong Kong CHING-CHI TAO-PAO
in Chinese No 19, 18 May 92 p 21

["China Economic News" article: "China To Readjust Industrial Structure in Six Areas"]

[Text] According to a relevant department, China will take steps to readjust its industrial structure in six areas this year.

- Define the industrial policy's key points in the Eighth Five-Year Plan period and formulate a regional distribution policy;
- Formulate a sectoral readjustment plan and adopt measures to freeze the production capabilities of industries whose production capabilities have clearly surpassed market capacity and supply of resources in the Eighth Five-Year Plan period, starting with the cotton spinning and home appliances sectors;
- Speed up technological upgrading of traditional industries by extending foreign exchange and special loans for specific projects and for the importation of technology;
- Carry out closure, suspension, merger, and transfer of enterprises in a planned and measured manner. Such measures will be initiated first with small chemical fertilizer plants, cotton spinning mills, ironworks, and tobacco factories, with a number of them to be resolutely closed down;
- Do a good job in the organization and merger of enterprise groups, and gradually classify them under a separate listing in the state plan;
- Speed up the complementary reforms of fixed assets, labor and employment, and social insurance systems to ensure smooth progress in the industrial structure's readjustment.

Yuan Baohua Urges Eradicating 'Leftist' Thinking

HK2505033092 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0742 GMT 19 May 92

[Text] Beijing 19 May (ZHONGGUO TONGXUN SHE)—Renowned mainland economist Yuan Baohua [5913 1405 5478] has indicated that "leftist" things in the economic arena have yet to be eliminated in public opinion, and the problem of lingering fear among leading members in mining and industrial enterprises has yet to be totally resolved. The above statement is quoted from an article of his published yesterday.

While discussing several issues that call for thinking in terms of converting enterprise operational mechanisms on the mainland at present, Yuan Baohua stressed: The key to converting mechanisms is to emancipate the mind and change one's concepts, of which the most important point is to resolve the problem of 'leftism.' For example, the factory director responsibility system is said to be

weakening Communist Party leadership over enterprises, and peaceful evolution is said to have come mainly from the economic field. This sort of talk, which has created a quite a stir, has yet to be eradicated in public opinion and remains a limitation in the thinking of factory directors, and their lingering anxieties and fears have yet to be resolved. Yuan hoped that responsible leading persons could devote more of their time to talking about problems in this aspect to help unifying thinking.

In talking about breaking "the three irons" of the "iron rice bowl, ironclad wages, and iron armchair [lifelong tenure]," Yuan Baohua said that breaking "the three irons" is correct in principle; however, the causes that led to the formation of "the three irons" are complicated and conditions vary in various enterprises. This being the case, in actual practice it is necessary to make measures suit local conditions based on the concrete conditions of each enterprise, and by no means should past practices of conducting campaigns, creating a momentum, and the usual practice of administrative intervention be repeated. Decisions on internal enterprise reforms and breaking "the three irons" should be made by the enterprises themselves. Yuan said that in this arena, government departments should exert efforts to formulate policy and extensive external reform for enterprises; for example, the reform and establishment of such social institutions as employment insurance, housing, and medical treatment.

Another issue that Yuan Baohua dealt with was the professionalization of enterprise cadres. He said that at present, two issues call for one's attention. First, too many factory directors and managers have been transferred from enterprises to party and government leading organs, reducing leadership on the front line; and second, the retirement system is being implemented among existing enterprise cadres like their counterparts in state administrative organs (60 years of age for males and 55 for females.) He believed that such a system does not help in rallying and bringing up a number of experienced and knowledgeable entrepreneurs. He indicated that among leading members of some famous enterprises overseas, many are figures who enjoy high prestige and command universal respect and age should not be a decisive condition. He suggested that the age of Chinese factory directors in office be appropriately readjusted and that a conditioned professionalization of enterprise cadres be implemented, which will be conducive to stabilizing and cultivating a number of socialist Chinese entrepreneurs and experts.

Jiang Yiwei Gives Enterprise Reform Prescription

HK2505064292 Beijing JINGJI RIBAO in Chinese
2 May 92 p 3

[Article by Jiang Yiwei (5592 0001 5517); member of NPC Law Committee and chief editor of GAIGE (REFORM): "Radical Measures Are Necessary To Invigorate Enterprises"]

[Text] invigorating enterprises is an issue that we have paid constant attention to in economic structural reform over the past 10 years and we have made quite a bit of progress. But there has not been a thorough solution. Why? I think the fundamental reason is that no effort has been made to systematically analyze the enterprises' lack of vitality, trace its root cause, and reform it from the roots. Instead, we have tended to consider the matter as it stands and adopt measures that treat the symptoms but not the disease. To effect a permanent cure, in my opinion, there are four problems that have to be studied and solved:

First, We Must Grasp Firmly the Key Problem of a Lack of Separation of Government Administration From Enterprise Management

As early as the Third Plenary Session of the 12th CPC Central Committee, the issue of strengthening the vitality of state enterprises was raised. Focusing on this central link, it was pointed out then that it was imperative to correctly handle two major relationships: that between the state and enterprises and that between workers and enterprises. In my opinion, the issues concerning these two major relationships, first of all that between the state and enterprises, still needs to be tackled today, which means we should solve problems concerning the separation of government administration from enterprise management.

Some comrades believe that emphasis should be put on "looking inward" and "performing internal examination" in invigorating enterprises. There is validity in this approach but it rarely produces the desired results. In fact, when government administration is not separated from enterprise management, government departments directly interfere in enterprises' "internal affairs" in many respects, thus linking the "interior" and "exterior" in an enterprise. What is the point of looking inward then? Take the issue of distribution for example. The government makes a unified stipulation on the mode of distribution within enterprises and enterprises have no right to make their own decisions regarding distribution. What good does it do to turn one's vision inward? Thus it can be seen that if the mechanism in which the government interferes in enterprises' internal affairs is not thoroughly changed, transforming the operational mechanism of enterprises would only be empty talk.

Second, An Important Cause of The Failure To Separate Government Administration From Enterprise Management Lies in "Administrative Management Not Being Separated From Assets Management."

Why has the separation of government administration from enterprise management always failed? I have been studying this issue over the last few years and have spotted an important root cause of this phenomenon as "administrative management not being separated from assets management." What is meant by "administrative management not being separated from enterprise management?" It means that the government's function of exercising administrative management over enterprises

is mixed with its function of exercising management over state assets. The government department in charge of enterprises is both the "nagging mother-in-law [po po 1237 1237]" and the "proprietor." Even if on the surface, government administration is separated from enterprise management, the department concerned can continue to exercise "mother-in-law" interference in the capacity of the "proprietor."

One cannot say that there has been no progress in separating administrative management from assets management over the years. For instance, departments for managing state assets have been set up. Yet there is still no consensus on how to conduct such management. In fact, if the organizations for managing state assets continue to exercise administrative management over enterprises, the problems will remain unresolved. In order to truly solve the problems, it is imperative, by the objective laws governing the commodity economy, to reduce administrative institutions and establish various types of investment companies. Such investment companies are also enterprises but are ones that engage in investment. It is natural that they will seek investment returns to accomplish the tasks of assets accumulation. As proprietors or shareholders in productive enterprises, they enjoy ownership of enterprises on the receiving end of investments, in accordance with the principle of separating ownership rights from management rights. The function of the administration of state assets is to manage these investment companies instead of becoming direct proprietors of productive enterprises. After the above system has been formed for the management of state assets, the government's comprehensive economic management departments and trade management departments will all become administrative management departments oriented to enterprises under various ownerships (not just state ownership), just like the existing administrations for industry and commerce which cannot possibly interfere in the production and other operations of enterprises.

The adoption of a multiple budgetary system today is a major reform as it is conducive to the separation of administrative management from assets management as discussed above. However, further study is necessary on the scope of the financial budget for construction. Investment in productive enterprises should be accumulated and developed by various types of investment companies themselves. Central and local budgeting for construction should only cover the construction of basic facilities.

Third, We Should Implement the Principle of Relying on the Working Class Wholeheartedly as a Source of Strength for Increasing the Vitality of State Enterprises

Capitalist enterprises take private capital as the subject and all staff members and workers, including factory directors and managers, are the object of the enterprises. The fundamental characteristic of socialist enterprises is that they take the work force, that is, all the staff and

workers as the subject. How to give full play to this advantage of socialism is an important task in deepening reform in enterprises.

At present, enterprise reforms are being carried out at an ever deeper level. Naturally, labor employment, personnel, and distribution systems should be reformed but should not be oversimplified or considered in terms of absolutes. We should allow staff and workers to enter enterprises or resign of their own accord, but it is not appropriate to encourage them to be highly mobile as the faster they move the better. If all staff and workers are "Flying Pigeon Brand [a popular PRC-made bicycle]," who is going to take the factory as his home? If dismissals, open or hidden, are carried out extensively before a social security system is perfected, the possible consequences are worth careful consideration. It will take a conscientious study to find out how the labor personnel system can be reformed so that it conforms not only to the socialist principle, but also to the principles of modern enterprise management. Furthermore, experiments in various forms should be carried out as comparisons in order to discover a rational approach. We should not take hasty action, much less stir up a sweeping wind.

Implementing the principle of relying on the working class wholeheartedly in enterprises should not be confined to reform of the leadership system. Instead, it is necessary to practice democratic management in a broad sense in enterprises, including accepting staff and workers as shareholders, to achieve the democratization of the property system; we should change personal contracting into all-member contracting in order to materialize the democratization of operational systems; we should practice distribution according to work at two levels so as to realize the democratization of the distribution system; and we should set up labor committees under workers' representative conferences to decide on increases or reductions and the appointment or dismissal of management staff on a democratic basis so as to realize the democratization of the labor system. Only then can state enterprises have their own socialist characteristics.

Fourth, the Key to Integrating Regulation Through Planning With Regulation Through Markets Lies in the Reform of Mandatory Plans

An important issue concerning the invigoration of large and medium-sized state enterprises is how to handle the issue of how state enterprises should carry out mandatory plans. Measures now in force are gradually reducing the scope of mandatory plans and bringing enterprises into the market. In my opinion, however, true reform does not lie in reducing or expanding mandatory plans, but rather in the reform of mandatory plans itself.

The hallmark of mandatory plans is assigning tasks to enterprises by administrative order. It belongs to administrative behavior. Therefore, it is bound to be inconsistent with the socialist commodity economy. But for a

socialist country to exercise macroeconomic regulation and control, it seems that the absence of mandatory plans is equal to the absence of a means of macroeconomic regulation and control. I think there is a solution to this contradiction, that is, to change the administrative behavior of macroeconomic regulation and control into commercial behavior. Specifically speaking, the state's direct regulation and control over goods and materials should be ended while departments in charge of goods and materials, commercial departments, and foreign trade departments should directly place orders with production enterprises according to state plans (not the type of orders that are organized among enterprises). These departments may choose which enterprises to place orders with, and contracts can be signed between these departments and relevant enterprises. These enterprises are obligated to give priority to fulfilling the state orders. But the terms of the contracts should be decided by the above-mentioned departments and the relevant enterprises through consultation. The above-mentioned three departments should have a fund for laying up materials and commodities and, as in the 1950s, give play to the role of a materials reservoir, handling and regulating some important materials and commodities that concern the national economy and the people's livelihood. This way, the state will be using the material reserves factor instead of administrative means to regulate market supply and demand as well as prices. As far as mode of macroeconomic regulation and control is concerned, the statement that "the state regulates and controls the market and the market guides enterprises" is completely rational. It is a manifestation of the integration of planning with the market. Furthermore, only a socialist country with a sound reserve of state funds can exercise such regulation and control over the market. This is another indication of the superiority of socialism.

Economists Probe New Subjects as Reform Continues

OW2605102392 Beijing XINHUA in English
0827 GMT 26 May 92

[Text] Nanjing, May 26 (XINHUA)—The country's economists are very active in expressing their opinions on the future of national economic development as reform and opening to the outside world has brought about bright prospects of a market economy as well as many new problems.

The first two volumes of a book series titled "MY ECONOMIC VIEWS" have been published. The series includes works by over 100 contemporary Chinese economists. The remaining three volumes will be published by August this year.

In the books the economists make extensive explorations of a number of major economic issues in the country's reform and opening up to the outside world, including ownership systems, planned and market economies, economic structure and national economic operations.

According to Xu Mengren, deputy director of the Jiangsu Publishing House, which publishes series, the country's

economists have played an active role in China's drive for reform and opening to the outside world in the past decade. Their innovative and practical research work has been having an increasingly positive impact on the country's economic development.

Over 20 books on economics become best-sellers in the country every year. And over 50 magazines specializing in economics circulate throughout the country. In these publications economists put forth many new concepts covering a wide range of economic subjects including share-holding systems, market economy and introduction of Western economic management systems.

Economist Ma Hong has predicted that market regulation will take on more and more importance as the country's reform of its planned economy proceeds.

Ma is the director of the Research Center of Economic, Technological and Social Development under the State Council.

He has pointed out that China will complete the transformation of its traditional economic system to a new economic system in five to ten years.

Economist Xu Yingwu has argued that it is impossible for the country to realize a complete market system by the end of this century.

Many of the opinions and much of the advice put forth by the economists have been adopted by the central government.

Meanwhile, Wu Jiabei, deputy director of the National Information Center under the State Council, said that the boom in economic research work is promising for the country's future economic development.

Bank Rules for Firms' Foreign Joint Ventures

HK2305030192 Hong Kong CHING-CHI TAO-PAO
in Chinese No 19, 18 May 92 p 20

["China Economic News" article: "New Regulations on Joint Venture Between State Enterprises, Foreign Businesses"]

[Text] The Industrial and Commercial Bank of China recently outlined the following regulations on joint ventures between state-run and foreign businesses in matters concerning facilities, plant building, and cash.

1. Installations and plant buildings that are acquired through outstanding bank loans and that still serve as bank collateral may not be used as shares in joint ventures with foreign businessmen.

2. Based on bank regulations about current capital and credit management, enterprises need to secure bank approval before they can use state-allocated and self-generated current capital to invest in or take part in joint ventures with foreign businesses.

3. Bank loans may not be used as the source of shares or of investments in joint ventures with foreign businesses.

4. In case enterprises with outstanding bank loans want to go into joint operation or joint venture with foreign business enterprises, their applications for bank loans may be acted on only after the questions of debts and loan repayment are decided by the creditor banks and the relevant departments, and new loan application procedures are carried out.

Bank of China To Expand Credit Scope

HK2505021592 Beijing CHINA DAILY in English
25 May 92 p 2

[By staff reporter Wang Yong: "BOC Maps New Loan Reforms"]

[Text] China's main foreign trade bank is poised to expand its credit scope this year to beef up the country's trade momentum.

The high-profile reforms are expected to be finalized at the national foreign trade credit conference held in Quanzhou, Fujian Province, today.

Zhang Yixing, manager of the first credit department of the Bank of China (BOC), said new measures will include:

- Providing export buyer's credit to boost the export of large machinery and electronics equipment. The BOC has planned to earmark \$100 million of credit each year during 1991-95.

- Providing credit for technical development. The BOC plans to arrange 200 million yuan (\$36.4 million) for such use in 1992, equivalent to the 1991 figure. The bank also decides to grant medium and short-term loans to the manufacturing of export goods as well as to the technical renovation.

- Initiating credit for the development of real estate. But Zhang made it clear this business should be confined to the point where it would not supersede the bank's other major businesses.

- Giving more freedom to the bank's local branches in approving the renminbi [RMB] credit for fixed assets.

- Providing loans to facilitate the country's drive to help large foreign trade companies to build up their own manufacturing bases. The bank will also help foreign trade companies and industrial companies to hold each other's stakes.

- Strengthening collaboration between the bank's head office and its branches in providing combined loans to enterprises with good economic returns.

- Providing special loans to boost border trade, including the granting of U.S. dollars in cash.

The BOC also plans to help large and medium Sino-foreign joint ventures with credit to raise registered capital.

For manufacturers of large machinery and electronics equipment with freedom of import and export, the bank will provide favourable export seller's credit.

Moreover, the BOC is considering providing Chinese enterprises established overseas with working capital loans.

It is also likely to provide loans for China's overseas labour contracting, bonded warehouses and distribution centres.

Zhang said his bank will also back up the import of advanced foreign technologies.

"We will actively provide foreign exchange as well as RMB loans to help import foreign technology," he said.

The current national conference on foreign trade credit, which ends May 29, has been convened against a spiralling performance by the BOC, he said.

By the end of March, the bank had granted 189 billion yuan (\$34.4 billion) worth of foreign trade credit.

The country's total export volume by the end of March reached \$15 billion, up 19.3 percent on the corresponding period last year.

Foreign Firms Allowed To Oil Prospect in East

HK2305031092 Beijing RENMIN RIBAO in Chinese
14 May 92 p 1

[XINHUA report by reporter Zhang Chaowen (1728 6389 2429): "Lands, Shallow Waters in Eastern China To Be Opened Up for Development in Cooperation With Foreign Firms"]

[Text] Beijing, 13 May (XINHUA)—This reporter has learned from the China National Petroleum and Natural Gas Corporation that China will gradually open up some lands and extremely shallow waters in the east and cooperate with foreign companies, by inviting international tenders, in prospecting and exploiting oil and gas resources. This reporter was told that China has decided it will choose some places from lands and waters in the east in which to cooperate with foreign companies, while continuously enlarging the risk prospecting and the scale of cooperation in exploitation in 11 provinces and autonomous regions.

Nation's First Grain Market 'Hot Line' Opens

OW2505095092 Beijing XINHUA in English
0858 GMT 25 May 92

[Text] Zhengzhou, May 25 (XINHUA)—China's first grain market hot line went into service recently in Zhengzhou, the capital of central China's Henan Province.

The hot line—number 666888—was put into service by the Zhengzhou Grain Wholesales Market, the largest of its kind in China.

The international direct dial line can be accessed by grain managers, producers and consumers throughout the world. The hot line will provide information related to China's policies and regulations concerning grain and edible oil, grain production output, market prices, market predictions, purchasing and selling information, and spot and futures transactions, as well numerous other types of information.

Hainan Bank To Fund Agriculture Commodity Zone

OW2205142392 Beijing XINHUA Domestic Service
in Chinese 0238 GMT 22 May 92

[By reporter Chen Jiang (7115 3068)]

[Text] Haikou, 22 May (XINHUA)—The Hainan provincial branch of the China Agriculture Bank has expressed its positive support for the building of the Hainan experimental zone for comprehensive agricultural development and has boldly granted loans for the construction of the Hainan agricultural and sideline products wholesale market, thereby further promoting production work and accelerating commodity circulation in Hainan.

The Hainan experimental zone for comprehensive agricultural development is a modern high-degree commodity agricultural zone—the first of its kind in China. Having learned experiences and lessons from agricultural development in the past, and in light of the fact that circulation of agricultural products in Hainan has been impeded, the experimental zone first opened up the market, accelerated circulation, and simultaneously engaged in marketing, processing, and agricultural production activities. At the end of last year, the zone planned to establish a huge provincial-level agricultural and sideline products wholesale market that needed an investment of 25 million yuan. However, the zone could only manage to raise 3.6 million yuan for the project, so it decided to turn to the local agriculture bank for a loan. The Hainan provincial branch of the China Agriculture Bank, with the aim of supporting the agriculture of the Hainan Special Zone, broke with its usual practice of granting 40 million yuan for building the wholesale market after it conducted close investigations and studies about the project. The wholesale market opened for business at the end of last year and held Hainan Province' first agricultural products trade fair. Agreements totaling 340 million yuan were signed at the trade fair, and business deals made at the fair exceeded 46 million yuan.

The wholesale market currently is gradually developing from spot trading to futures trading. Some cities in northern China have signed agreements with the wholesale market for marketing Hainan's vegetables in those cities. Based on these agreements, the wholesale market provided local peasants with information about what

and how much to grow, creating a situation in which the market governs production. People said the wholesale market was built at the right time and praised the Hainan branch of the China Agriculture Bank for having made a good decision and for having made great contributions to supporting local rural economic development.

Farmers Seen Living 'More Comfortable Lives'

HK2105054092 Beijing CHINA DAILY in English
21 May 92 p 4

[By staff reporter Su Zi: "Reform Brings Farmers More Comfortable Life"]

[Text] Chinese farmers seem to have more comfortable lives than in 1990.

They ate better, wore better clothes, and their homes were more spacious and better furnished, according to a survey of 67,000 farming households conducted by the State Statistical Bureau. And they bought more durable goods and spent more on cultural entertainment in 1991 than the year before.

Per-capita living expenses for farmers stood at 620 yuan (\$113) last year, 4.5 percent more than the previous year, according to sources from the bureau's Division of Household Survey.

The farmers drank 12 percent more milk, ate 7.1 percent more meat and consumed 12 percent more edible oil.

On average, each farmer spent 51 yuan (\$9) on clothing, a 12 percent increase over 1990. More money was spent on ready-made clothes, sweaters, silk and leather products.

Of course, the increase in consumption would have been impossible without the increase in income.

The farmers' net income in 1991 was 710 yuan (\$130), registering a 2 percent rise over last year after adjusting for inflation, with 640 yuan (\$117) in cash.

The development of the collective economy and service industry contributed to the increase in income.

Despite the increase, the gap between the income of farmers and urban residents widened from 1990's 726 yuan (\$132) to 893 yuan (\$162) in 1991. Farmers' income is growing at a speed 10.8 percentage points slower than urban residents.

Besides the severe floods that hit 18 provinces of the country, the decrease in grain prices and the rise in the price of production materials undermined farmers' income.

The sum of money turned over by farmers as tax and to village and township government departments as operation fees also increased by 10 percent.

The income gap among farmers became wider, too. Those households whose per-capita income was below 300 yuan (\$55) account for 9.4 percent of all, compared with 8.6 percent in 1990; the households whose per capita income was above 1,000 yuan (\$182) reached 19.5 percent, up from 1990's 17.8 percent.

As a result, the increase in living expenses is also different in various regions. Gansu Province obtained a growth rate of nearly 19 percent, whereas the rate for Anhui Province was 7.8 percent less.

For all the setbacks, farmers in China are looking forward to 1992 with greater expectations.

They plan to make bigger investments in farming production and buy more durable goods, according to a survey of nearly 35,000 farming households in China, also conducted by the State Statistics Bureau.

They want to purchase more fertilizer, pesticide, gasoline, diesel fuel and farming tools to expand production.

As for building materials, they need 66 percent more steel and 75 percent more glass than 1991 to build new houses.

And their demand for colour TV sets, refrigerators and washing machines will be 110 percent more than last year. This remarkable increase can be partly attributed to the fact that 1992 is the Year of the Monkey, the perfect time for marriage, according to traditional Chinese customs.

More than 8 percent of households surveyed are preparing for a marriage ceremony for their young family members. The newlyweds will be the main buyers of the durable goods.

Farmers purchasing power also varies in different regions. The most ambitious consumers come from the relatively affluent East China. They will be the major consumers of video cassette recorders, cameras and motorcycles. Eighty-eight percent of the buyers of refrigerators will come from this region.

In Central China, however, on top of the farmers' purchasing list will be black-and-white TV sets, washing machines and bicycles.

Digital watches and tape recorders will find a big market in West China.

This increasing demand for goods will play an important role in invigorating the rural market, easing the townships' shortage of funds and reducing their stockpiles.

In order to help farmers realize their goals, the government should try to provide sufficient agricultural production materials and timely services so they can reap a bumper harvest and enough cash.

East Region

Nanjing Awards Outstanding Scientific Personnel

OW2305162892 Beijing XINHUA in English
1447 GMT 23 May 92

[Text] Nanjing, May 23 (XINHUA)—Nanjing City, capital of eastern China's Jiangsu Province, recently granted handsome prizes to three scientific personnel who have made outstanding contributions to the development of the local economy.

Wu Wutong, Li Jiajun and Zhang Wenrong, three local scientists, were praised by the local government at the city's work meeting of science and technology held Friday. At the same time, the city government awarded each of them a suite of apartments, each of which is appointed with natural gas and telephone.

The prizes for the scientists are rather handsome considering that few personnel in state-run scientific organizations can afford apartments of their own.

According to early reports, Zhuhai City in southern China's Guangdong Province awarded an unprecedented millions of yuan to a dozen local scientists last April, as the prize for their contribution to local economic development.

According to statistics, last year, Nanjing City got an additional multi-million yuan of profits and saved large sums of hard currencies by applying the invention of the three scientists.

Wang Rongbing, mayor of the city, said that special awards for local scientists with outstanding contributions have been established. Every year, the city will grant some ten scientific personnel 100,000 yuan or an apartment suite. And for the first time in history, the city will allow state-run enterprises to set up prize funds out of profits for scientific personnel who develop new products.

Biographical Note on Jiangxi Governor Given

HK2305025492 Hong Kong MING PAO in Chinese
22 May 92 p 70

[By staff reporter: "Short Biographical Note on Jiangxi Governor Wu Guanzheng"]

[Text] Wu Guanzheng, 54, was born in Ganxian County, Jiangxi Province. He graduated from Qinghua University in 1965, where he studied pyrology and automatic control in the Dynamics Department. After finishing his postgraduate study in the same department in 1968, he was assigned to the Wandian Chemical Plant in Wuhan, Hubei Province. He was technician and deputy chief of the factory's technical section.

After 1975, Wu Guanzheng was successively appointed to the posts of deputy director of the Wuhan City Science Committee and director of the city's engineering science

and technology center, secretary of the party committee [as published], and member of the Wuhan City CPC Committee Standing Committee. In 1983, he became deputy secretary of the Wuhan City CPC Committee and mayor of the city.

In the mid-1980's, the State Council decided to carry out an experiment on comprehensive reform of Wuhan's economic structure. Wu Guanzheng was regarded as a cadre advocating opening up, because he was open-minded and was bold in making explorations. Moreover, as he was once humiliated when inspecting the Wuhan harbor passenger pier in casual clothes, he is also nicknamed the "mayor in casual clothes" by the city residents.

Since September 1986, when former Jiangxi Governor Ni Xiance was dismissed and imprisoned for violating laws and discipline, Wu Guanzheng, who is much appreciated by the central authorities, has been governor.

Shandong To Follow Deng Call To Cut Bureaucracy

HK2405022492 Hong Kong SOUTH CHINA
MORNING POST in English 22 May 92 p 14

[By Geoffrey Crothall in Beijing]

[Text] Taking its cue from paramount leader Mr Deng Xiaoping, the Shandong Provincial Communist Party has pledged to reduce its bureaucracy by more than one-third over the next three years, an official newspaper has reported.

The massive cutbacks were designed to put into practice the principle of "small government, better service," advocated by Mr Deng during his visit to southern China earlier this year, the ORGANISATION AND PERSONNEL newspaper said.

The head of the provincial party's organisation department, Mr Li Wenquan, was quoted by the newspaper as saying there was bound to be opposition to such a drastic move but that the party should take bold measures to counter that opposition.

"Reform of organisation work will undoubtedly affect the interests of some cadres and departments and will certainly meet with difficulties," Mr Li said.

"Many cadres will be opposed (to the process) and may attempt to disrupt it."

"But we cannot be disconcerted, overcautious or indecisive just because of these problems. We must liberate our minds, develop new concepts and strive for economic reform and development."

"Anything which is conducive to the liberation and development of productive forces, modernisation and the raising of living standards should be considered, explored and implemented in a bold way."

But Mr Li did not specify how many bureaucrats would lose their jobs, whether they would be found alternative

employment in the private sector or provided with unemployment or other benefits.

Although the plan is lacking in specific details, observers say it is the most positive response so far from any provincial government to Mr Deng's call for both the party and government to cut down on overstaffing and red tape.

"If they succeed in their stated goals then it will certainly be a major achievement, but unless they can find alternative employment for these bureaucrats, I suspect very few of them will voluntarily give up their posts," a Western diplomat said.

Despite persistent calls over the past decade to cut back on bureaucracy, the number of cadres employed by the state has nearly doubled from 15 million in 1979 to 28 million in 1990.

A Hong Kong businessman who visited several cities in Shandong recently said every government official he had met welcomed enthusiastically the bold approach to economic reform advocated by Mr Deng.

Shanghai Signs Document With Inner Mongolia

OW2405080592 Shanghai People's Radio Network in Mandarin 2300 GMT 21 May 92

[From the "Morning News" program]

[Text] Shanghai Vice Mayor Gu Chuanxun and Vice Chairman Liu Zuohui of the Inner Mongolia Autonomous Regional People's Government yesterday signed the minutes of talks on further strengthening economic and technological cooperation between Shanghai and Inner Mongolia.

Chairman Buhe of the Inner Mongolia Autonomous Regional People's Government; Diao Congzhou, commander of the Inner Mongolia Military District; Shanghai Mayor Huang Ju; Shanghai Vice Mayor Xie Lijuan; and Zhu Xiaochu, political commissar of the Shanghai Garrison Command, attended the signing ceremony.

The minutes of talks show that there are broad prospects for cooperation between Shanghai and Inner Mongolia. Inner Mongolia can provide raw materials urgently needed by Shanghai for manufacturing items for agricultural use. Inner Mongolia has abundant energy sources; ferrous, nonferrous, and rare metals; rare earths; chemical industry products; and energy-consuming products. Shanghai, on the other hand, will support enterprises to take part in the construction of various raw material bases.

Inner Mongolia has decided to procure land in the Pudong Development Zone and set up a showroom there. Baotou City of Inner Mongolia has decided to procure a standard plant building with a floor space of 3,000 square meters in the Jinqiao Export Commodities Development Zone.

Li Zemin Address Cadres Sent to Grass-Roots

OW2505041892 Hangzhou Zhejiang People's Radio Network in Mandarin 1030 GMT 22 May 92

[From the "Provincial News Hookup" program]

[Text] The provincial party committee and the provincial government held a farewell party in Hangzhou this afternoon for cadres sent to the grass roots by units directly under the provincial authorities. The party was held as a grand send-off for comrades sent to work at the grass-roots level by provincial organs, units directly under the provincial authorities, and institutions of higher learning.

Provincial leaders Li Zemin, Wang Qichao, and Xu Xingguan attended the farewell party. Also present at the party was Tie Ying, member of the Central Advisory Commission. Xu Xingguan announced the name list of cadres sent to the grass roots by units directly under the provincial authorities.

The 273 cadres sent to the grass roots by such units primarily came from six prefectures and cities, namely, Jinhua, Quzhou, Wenzhou, Lishui, Kaizhou, and Zhoushan. They will receive training by working for two years in counties, towns, and townships, and at enterprises, institutions, and other grass-roots units.

On behalf of the provincial party committee and the provincial government, Li Zemin and Wang Qichao spoke exuberantly at the party. He [not further identified] said: Though units directly under our provincial authorities also sent cadres to work and receive training at the grass-roots level in the past, this is the first time in recent years that we are sending large numbers of cadres under unified plans. As units directly under the provincial authorities are sending cadres to the grass roots, 11 cities and prefectures across the province are exchanging 212 cadres among themselves for short-term tours of duty between counterpart organizations. There were no such exchanges in the past. These measures are practical actions aimed at implementing the essence of Comrade Deng Xiaoping's important remarks. They hold extremely important significance for further accelerating reform and openness, for promoting material and spiritual civilization in our province, and for strengthening ties between units directly under the provincial authorities and cities, prefectures, and counties. They are also extremely significant to strengthening economic and cultural exchanges among various areas in the province, to helping relatively backward areas speed up economic and social development, to further promoting cadre exchanges, to training and tempering cadres, and to promoting qualitative improvement of the ranks of cadres.

Li Zemin and Wang Qichao expressed their sincere hopes that the cadres sent to grass-roots units would earnestly implement the essence of Comrade Deng Xiaoping's remarks, would steadfastly implement the party's basic line, and would actively contribute to local

economic and cultural construction under the leadership of local party organizations. Besides encouraging mental emancipation, conducting bold experimentation, taking courageous actions, and doing bold pioneering work, the cadres should take local reality into account, make a point of adopting a realistic spirit, seek truth from facts, and work steadily and reliably. Ostensibly sent to make contact with the public, they should rely on cadres and people at the grass-roots level, learn from local cadres and people, carry forward our party's spirit of doing hard pioneering work and waging arduous struggles, and act exemplarily.

Tie Ying also spoke at the party. (Shi Daxiao), secretary of the Lishui Prefectural Party Committee, and (Xu Yunhong), vice chairman of the provincial Planning and Economic Commission, made speeches as representatives of units that are receiving and sending cadres. (Ma Yi), member of the Standing Committee of the provincial Communist Youth League committee who is among the cadres sent to the grass roots, spoke on behalf of fellow cadres.

Zhejiang Appoints New S&T Commission Chairman

OW2605042892 Hangzhou ZHEJIANG RIBAO
in Chinese 17 May 92 p 1

["Decision of the Standing Committee of the Provincial People's Congress on Appointments and Dismissals"]

[Text] Decision of the Standing Committee of the provincial people's congress on appointments and dismissals. (Adopted at the 28th Session of the Standing Committee of the Seventh provincial people's congress on 16 May 1992)

It has been decided to appoint Ma Xun [7456 3169] chairman of the Zhejiang Provincial Science and Technology Commission;

And to dismiss Zhou Wen as chairman of the Zhejiang Provincial Science and Technology Commission.

Central-South Region

Guangzhou Private Sector Reports 'Imbalance'

HK2405022292 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1058 GMT 18 May 92

[Text] Guangzhou, 18 May (ZHONGGUO TONGXUN SHE)—An imbalance has been found in the present structure of individual and private economies in Guangzhou City. It has attracted close attention from economic circles here.

The imbalance of individual and private economies in Guangzhou mainly finds expression in the excessive proportion of individual commercial operators in the total number of individual industrial and commercial operators, reaching 65.6 percent. There are signs that

this proportion is still expanding, giving rise to a structure "tilted" to the commercial end. On the other hand, the proportion of productive trades, such as industry, building, and transportation, is rather small. Today, the number of individual operators in industry, building, and transportation combined is only 13.4 percent of the total number of individual operators. Similarly, the proportion of building and transportation among private enterprises is only 2.2 percent. The proportion of service and repairing trades has been shrinking for several years running. The proportion of private service and repair trades is only 4.4 percent. The proportion of individual repairing operators has dropped from 9.3 percent in 1983 to 5.5 percent.

The reason for the above phenomena is: First, some operators have turned to short-term interests in operations and are eager for quick success and instant benefit, blindly choosing the trades to work in; second, some individual operators and owners of private establishments are restricted by space, funds, and technology and have to enter the trades which require simple operating conditions, giving rise to the uniformity of choice of trades; and third, the administrative departments do not have effective management measures and have failed to give effective guidance to individual and private economies in investment and orientation of development.

In this regard, people in economic circles here point out: It is necessary for Guangzhou to proceed from its reality; speed up the development of productive, service-connected, and labor-connected trades; encourage individual and private enterprises to actively engage in the processing of agricultural and sideline products, traditional handicraft industry, and processing operations as an extension of state and collective enterprises and repair and service trades. Those with adequate conditions may also move toward export-oriented or scientific and technological enterprises.

Shenzhen 'Seven Vices' Drive Achieves 'Results'

HK2505064092 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1114 GMT 24 May 92

[Text] Shenzhen, 24 May (ZHONGGUO TONGXUN SHE)—Shenzhen has achieved remarkable results in the drive to wipe out "seven vices," focused on "prostitution, visiting prostitutes, gambling, drug taking and trafficking, and feudal superstition."

From March 1992 to the present, Shenzhen has arrested more than 2,400 people involved in the "seven vices," of which some 1,200 are involved in prostitution and visiting prostitutes, 150 in drug taking and trafficking, and 900 in gambling. The city smashed over 60 prostitution rings and reorganized more than 1,300 hairdressing salons. The departments concerned held a meeting a few days ago urging security personnel, managers, and attendants of all the guesthouses, hotels, karaoke rooms, balls, cafes, and hairdressing salons in Shenzhen to conduct self-inspection. Those who give shelter to prostitutes and their visitors or protect them

by tipping them off will be held responsible for the crime of giving shelter. Regarding prostitution, visiting prostitutes, drug taking, and gambling in the trade and tourist organizations, including the foreign-funded enterprises, if these organs accommodate such practices and fail to adopt measures to check them, the city authorities will give them a warning, urge them to correct the practices within a certain time, suspend operation and undergo readjustment, or impose a 10,000-100,000 yuan fine. If they cannot effect a change after undergoing readjustment, the industrial and commercial departments will revoke their licenses. At the same time, the managerial personnel will be punished according to law. From now on, when grave "seven vices" are discovered in hotels (guesthouses) which are given stars, their stars will be degraded in light of the seriousness of the cases if they are punished by the public security organs for failure to check the abnormal practices after receiving a warning or undergoing a readjustment. If those who have applied for stars and are not yet given one are involved, their application will be postponed, shelved, or rejected. The persons in charge will also be severely punished.

To date, the "seven vices" are still rampant in some areas in Shenzhen. The departments concerned will continue to deepen the drive to crack down on the "seven vices."

Deng Hongxun Appeals for Quicker Reform, Opening

*HK2405013392 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 13 May 92*

[Excerpts] Yesterday, the provincial party committee called an enlarged meeting of its Standing Committee to study in depth Comrade Deng Xiaoping's important speeches made during his southern tour, in connection with Hainan's actual conditions. The meeting participants were determined to further free themselves from old ideas, act boldly in exploring new ways, and make earnest efforts to expedite the special economic zone's [SEZ] reform and opening up.

Provincial party committee Standing Committee members Deng Hongxun, Liu Jianfeng, (Du Qinglin), Bao Keming, et al attended. Liu Jianfeng, deputy secretary of the provincial party committee and governor officiated at the meeting. [passage omitted]

Provincial party committee Secretary Deng Hongxun made a concluding speech at the meeting. He said: The meeting is very successful and you made wonderful speeches, giving expression to the change in our ideology brought about by the study of Comrade Deng Xiaoping's speeches made during his southern tour. We must further free ourselves from old ideas and boldly explore new ways to carry out reform in line with Hainan's actual conditions.

Comrade Deng Hongxun specially set the following 10 demands.

1. Give full play to Hainan's advantages to accelerate supernormal economic development. Hainan enjoys advantages in natural resources, policies, and ties with many Overseas Chinese. All these constitute favorable conditions for us to run well the SEZ. Leading comrades of the SEZ must arrive at a full understanding of these advantages. They must use the advantages in natural resources to develop industries with Hainan's characteristics, the advantages in policies to attract foreign funds for developing whole regions through mass construction projects including some major projects, and the advantages in ties with many Overseas Chinese to develop Overseas Chinese-funded enterprises and export-led enterprises. We must also take advantage of our tourism resources to develop tourism at a greater pace.

2. Continue to implement the provincial party committee principle of enforcing stable policies, laying a sound foundation, implementing policies to the letter, and improving efficiency. We must build more infrastructural projects. For the present we should make greater efforts to improve mail, telecommunications, and air services. In the meantime, we should expand infrastructural construction for agriculture and for mountain areas and work hard to improve the investment environment.

3. Keep a firm grip on funds and professionals, which constitute key factors for our economic construction. The high tide of large-scale development and construction in Hainan is in the offing. At present, we are confronted with a lack of funds and qualified personnel. It is necessary to do a good job in introducing investment from abroad and establishing lateral ties at home. We must go into the outside world to ask people in. We must establish economic relations and carry out cooperation with consortiums, conglomerates, and large enterprises at home and abroad. At the same time, we should carry out financial reforms, set up all kinds of banking institutions, and breath life into the financial market. We can pool idle funds in society by issuing shares, bonds, and investment coupons and by establishing foundations. The credit scope should be expanded and effective related management exercised. [words indistinct] preferential loans provided by the World Bank and foreign governments. Other loans can be contracted when necessary. We should act boldly in borrowing money and making repayments. In fact, many solutions to funds shortage problems are available to us. What matters is we should pay great attention to the problem and try our best to solve it.

We cannot stimulate economic development without qualified personnel. We can only get qualified personnel needed for economic development by establishing training courses and recruiting them from abroad. By recruiting qualified personnel from abroad we mainly mean recruiting personnel who master high technology.

4. Great attention should be paid to construction in mountain areas. We must give different guidance to suit

different conditions and promote coordinated development of the economy in mountain areas. 1) We must comprehensively develop agriculture in a wide area. 2) We must develop the court [ting yuan 1656 7108] economy. 3) We must do a good job in running the (Junfa) Industrial Development Area. In the meantime, we must help mountain areas train qualified people and build up infrastructural projects. If we fail to eliminate poverty and backwardness in mountain areas for a long time, it would be very difficult to believe we are building up a socialist SEZ.

5. Strengthen land-reclamation work. Land reclamation plays an important role in Hainan's economy. How the land reclamation economy [as heard] will develop has a direct bearing on supernormal development of Hainan's economy. This is of paramount importance. Therefore, cadres and workers involved in land reclamation must change their concepts; transform their operational mechanism; and carry out the principle of taking fishery as the key link, developing a diversified economy, supplementing agriculture with industry, and supporting the production of staples with sideline production to invigorate the economy and to expedite development.

6. Expedite reform and opening up. In running the Hainan SEZ and carrying out reform, we must not only do away with the old management system, but also set up a new management system. For the present, we must set about improving the socialist commodity market and revitalize enterprises and the countryside. We must continue to keep a firm grip on reforms in such areas as pricing, labor, the personnel system, housing, and social security and step up construction of various types of bonded areas to create favorable conditions for grandiose reform, opening, development, and construction.

7. Give full scope to the enthusiasm of all sectors to step up development and construction in the Hainan SEZ.

8. Continue to pay equal attention to material and spiritual civilization to create a favorable environment in software.

9. Make full and good use of the preferential policies and seize the day to draw up a sound program.

10. Adopt a new pose to meet challenges. To implement Comrade Deng Xiaoping's important speeches, we should not only adopt a good mental attitude but, most importantly, also make earnest efforts to expedite development in a large way.

Since we began to set up the SEZ, we have scored great achievements in economic development over the last few years. But we have a long way to go compared with the objective. We must seize the opportunity and work in a down-to-earth manner to meet challenges. Only in this way can we expedite reform, opening up, and economic construction in the Hainan SEZ.

Southwest Region

Southwestern China Trade Talks Set for Chongqing

OW2605120792 Beijing XINHUA in English
1037 GMT 26 May 92

[Text] Chongqing, May 26 (XINHUA)—'92 southwestern China foreign trade talks will be held in Chongqing City, Sichuan Province, from June 1 to 6.

As first of its kind held in the area of southwestern China, the international trade talks sponsored by seven provinces and cities aim at promoting the opening of southwestern China and the cooperation between the area and foreign counterparts in economic development and trade.

The sponsors of the talks are Sichuan, Yunnan and Guizhou provinces, Guangxi Zhuang Autonomous Region and Tibet Autonomous Region as well as Chengdu and Chongqing cities.

Covering 2.64 million sq km, the area of southwestern China is rich in natural resources. The forest area, the cattles, tobacco and its products, more than 10 kinds of mineral products such as manganese, aluminum and natural gas, as well as the output of silkworm cocoon, meat and sugar take lead among all of the major regions in the country.

In 1991, the industrial and agricultural output value of the area reached more than 480 billion yuan and its export volume reached more than 350 billion U.S. dollars.

Up to now the area has introduced more than 1,300 projects with advanced technology and equipment and more than 1.2 billion U.S. dollars.

The five provinces and two cities have approved more than 25,000 foreign-funded projects with foreign funds totalling 3.8 billion U.S. dollars.

There are about 1,530 foreign-funded enterprises in the area and more than 150 countries and areas in the world set up economic and trade relations with the area.

Chongqing Gives Rewards for Attracting Investment

OW2505093492 Beijing XINHUA in English
0923 GMT 25 May 92

[Text] Chongqing, May 25 (XINHUA)—The municipal government of southwestern China's city of Chongqing has rewarded six people for arranging for foreign investment.

Regulations passed last November stipulate that people who introduce foreign investment will be rewarded, no matter whether the funds come from overseas relatives or professional contacts.

Fan Hongqing, a retired official, introduced 520,000 U.S. dollars from his overseas relatives to set up a joint venture. He received a reward of 2,600 yuan.

He Zuwen, deputy director of an enamel factory, introduced 300,000 U.S. dollars for the setting up of a jointly funded company which will export all of its products.

More 'Excerpts' of Tibet Government Work Report

Cultural, Health Work Discussed

OW2405044292 Lhasa Tibet Television Network
in Mandarin 1200 GMT 21 May 92

["Excerpts" of government work report delivered by Gyaincain Norbu, chairman of the Tibet Autonomous Region, at the Fifth Session of the Fifth Tibet Autonomous Regional People's Congress in Lhasa on 4 May; from the "Tibet News" program]

[Text] Discussing this year's cultural tasks, Gyaincain Norbu said in his report: We should maintain the direction of serving the people and socialism in literary and art endeavors, correctly implement the principle of letting a hundred flowers blossom and a hundred schools of thought contend, and work persistently to create a literary and artistic boom while simultaneously straightening out cultural markets. We should cater to grass-roots units and farming and pastoral areas; actively produce wholesome, rich, and excellent works for the people; and inspire the patriotism and socialism of the general public.

We should correctly handle the relations between popularizing and upgrading literary and art works and between inheriting and developing our legacy in this respect. We should assimilate and draw on present and past outstanding achievements at home and abroad, further expand cultural exchanges with foreign countries, fuel the development of our region's literary and art programs, advance our excellent national culture, and satisfy the diverse needs in various social sectors and at various social strata. We should persistently wage a struggle against pornography; earnestly straighten out cultural markets; and strictly ban books, newspapers, periodicals, pictures, and audio and video products that are harmful to the people, especially the younger generation. We should resolutely crack down on cultural establishments that seriously contaminate the social atmosphere and poison people's minds.

We should intensify the development and protection of cultural resources; continue to salvage, excavate, sort out, and study Tibet's outstanding national cultural heritage; step up the construction of cultural establishments and the protection of cultural relics; and deal a severe blow to various criminal activities involving theft, profiteering, and smuggling of cultural relics. We should continue to renovate the Potala Palace and build a stupa and a memorial palace for the 10th Panchen. The press, the publishing industry, radio, cinema, and television should maintain the direction of serving socialism and the people, maintain the correct orientation of media, and comprehensively and accurately publicize the party's basic line and various principles and policies.

They should focus on publicizing achievements in the reform and opening program and in economic construction, and they should serve the needs of safeguarding the motherland's unity, enhancing ethnic unity, and rejuvenating our region's economy.

Speaking on this year's public health and sports programs, Gyaincain Norbu said in the government work report: In public health work, we should implement the principle of stressing prevention; relying on scientific and technological progress; rallying the whole society to join public wealth programs; promoting the coordinated development of traditional Chinese medicine, Western medicine, and Tibetan medicine; and meeting the medical needs of people. We should focus our work in farming and pastoral areas, further improve our medical services, continue to reorganize the medical profession, strengthen education on medical ethics and practices among health professionals, provide courteous and quality service, build up the ranks of medical professionals, and constantly improve the quality of doctors and nurses.

Family planning is our country's fundamental national policy. Our region should carry on existing policies in family planning work. In farming and pastoral areas, we should gear family planning work to the antipoverty drive, and we should persistently focus our efforts on conducting propaganda and education, encouraging voluntary participation in family planning programs, and providing relevant technical services. We should constantly improve the understanding of peasants and herdsmen about the importance of family planning, deepen their understanding of the fundamental national policy, and try to provide good prenatal and postnatal care.

In sports, we should primarily promote mass sports programs and extensively launch various types of popular national athletic events. In addition, we should build up outstanding sports teams and constantly improve their athletic skills.

Tasks, Progress Viewed

OW2405044392 Lhasa Tibet Television Network
in Mandarin 1200 GMT 22 May 92

["Excerpts" of Government Work Report delivered by Gyaincain Norbu, chairman of the Tibet Autonomous Region, at the Fifth Session of the Fifth Tibet Autonomous Regional People's Congress in Lhasa on 4 May; from the "Tibet News" program]

[Text] In his report Chairman Gyaincain Norbu said: To ensure the smooth progress of this year's tasks, it is necessary that we intensify efforts to improve the government organs themselves. While doing a good job in ideology and organization, we must continue to improve our righteousness and work style. Improving righteousness is an important part of efforts to build state power, and it is an issue about which the broad masses care very much. It is a major issue involving the people's trust.

Under the current acute and complicated situation in Tibet of struggling against splittism, it has a greater special meaning. We must affirm that a large majority of government organs and workers in Tibet, especially the vast numbers of grass-roots cadres, are law-abiding and righteous in their duties. However, a handful of people have abused their power for personal gain. Some have even broken the law to seek personal gain and have accepted bribes. Although such problems involve only a handful of people, they have an extremely bad effect on the people, directly damaging the government's image and the reputation of government workers. This year we must strike at illegal and criminal activities in the economic realm, improve professional and business ethics, investigate and punish irregularities committed by cadres and workers in the construction of private houses, forcefully crack down on gambling, and regard these tasks as the focal point of our efforts to improve righteousness. Governments at all levels and their competent departments must thoroughly investigate those problems the people complain about strongly, and they must strictly deal with these problems to win the people's trust and enhance the courage and confidence of cadres and people to fight the various forms of corruption. The rulings on cases with considerable impact on society should be promptly announced through the media.

Chairman Gyaincain Norbu pointed out in his report: One point that needs particular emphasis is that cases reported by the people, regardless of who might be involved, must be tackled head on, free from interference, thoroughly investigated, and dealt with according to law. We must not let them vanish without a trace, leave them unsettled, or tolerate them. We must make serious efforts to implement various measures to improve righteousness. Over the past few years, the state and the autonomous region have drafted and introduced many regulations to improve righteousness, and the key lies in the implementation of these regulations. Leaders at all levels must themselves take the lead in implementing the regulations to serve as models for the vast numbers of cadres. All government workers must firmly establish the idea of serving the people wholeheartedly, honestly perform their duties, practice frugality, resist privileges, and not seek personal gains. They must establish the image of honesty among the people to win their support. Leaders at all levels must delve deeply into realities and among the people to conduct investigations and studies. They must resolutely overcome formalism and mechanical work styles. They must continue to improve organization and discipline, firmly stop the practice of disobeying orders and ignoring prohibitions, and further advance the fine tradition and work style of our party through unremitting efforts.

In conclusion, Chairman Gyaincain Norbu said: We are facing a very honorable and formidable task. I firmly believe that if we unite more closely around the party Central Committee with Comrade Jiang Zemin as the core, take heart, surmount difficulties, be practical, blaze new trails, and press ahead, we will certainly accomplish our goal.

The full text of the government work report delivered by Chairman Gyaincain Norbu has now been broadcast.

Seminar on Linking Mao's Talks, Deng's Remarks

*OW2605050192 Lhasa Tibet Television Network
in Mandarin 1200 GMT 25 May 92*

[From the "Tibet News" program]

[Text] On 23 May, the Tibet People's Publishing House invited some specialists, scholars, writers, and readers in Lhasa to a seminar held in commemoration of the 50th anniversary of Comrade Mao Zedong's talks at the Yanan forum on literature and art. [video shows people seated around a long table beneath a banner bearing Tibetan and Chinese inscriptions; the Chinese characters identify the occasion as a seminar commemorating the 50th anniversary of Mao's talks]

Participants in the seminar freely expressed their views on how to organically combine Comrade Mao Zedong's talks with Comrade Deng Xiaoping's remarks in the current upsurge of reform and openness. They also held free discussions on how they should further implement the essence of Comrade Deng Xiaoping's remarks, emancipate their minds, capitalize on the current opportunity moment, accelerate the pace of reform, produce a number of new works that reflect reform and openness, and serve the needs of economic construction.

Meanwhile, the Tibet People's Publishing House's reader service center held a book show to commemorate the 50th anniversary of Comrade Mao Zedong's talks at the Yanan forum on literature and art. [video shows a sign bearing Tibetan, Chinese, and English inscriptions over the entrance of a one-story house; the Chinese and English inscriptions identify the occasion as a book show held by the publishing house's reader service center]

Tibet To Develop Border Trade, Open Counties

*HK2605111792 Hong Kong WEN WEI PO in Chinese
22 May 92 p 2*

[By staff reporter Chen Chien-ping (7115 1696 1627): "Tibet Vigorously Develops Border Trade; 30 Percent of Its Border Counties Will Be Opened"]

[Text] Beijing, 21 May—The Tibet Autonomous Region will open more than one-third of its border counties for border trade; in the meantime, it will set up export processing zones and bonded warehouses to carry out cooperation with Nepal in exploiting special tourist resources, to ensure Tibet's social stability and economic development.

An informed source disclosed that the Tibet Autonomous Region, in line with Deng Xiaoping's remarks during an inspection of south China and the central spirit on further reform and opening up, has worked out opening up measures including the above-mentioned points. These measures mainly include the following:

Tibet will make positive efforts to develop border trade by taking advantage of its geographical position, which borders on five countries and one region; eight counties will be designated as border trade areas carrying out border trade with the neighboring countries; towns and townships in these counties can also engage in border trade. Furthermore, the Tibet Autonomous Region will set up a border trade bureau to strengthen and promote border trade work.

While making positive efforts to develop border trade, Tibet has also decided to build a small light industrial zone in Lhasa, which will be developed into an economic and technological development zone at an appropriate time. Also, it is ready to set up several export processing zones, bonded warehouses, and foreign exchange duty-free shops in Lhasa and in the relevant ports.

Apart from this, Tibet will improve the production materials market in Lhasa and build a grain market in Xigabeika [ri ka bei ka 2480 0595 6296 0595] and a timber market in Linmang [2651 5345].

Tibet Said Free From Environmental Pollution

OW2505142792 Beijing XINHUA in English
1405 GMT 25 May 92

[Text] Lhasa, May 25 (XINHUA)—The Tibet autonomous region is free from radiative contamination, acid rain and other kinds of environmental pollution, a local report said here today.

According to a "1991 Bulletin on the Environmental State in Tibet Autonomous Region", the natural radiative amount is well below the safety level regulated by the Chinese Government and the world's average.

The bulletin, which was released today at a press conference by the Environmental Protection Bureau of the People's Government of the Tibet Autonomous Region, was based on large-scale inspection of air, water and soil in the region.

According to the bulletin, the air over the region is free from pollution. Even in Lhasa, the region's most populated area where the pollution sources concentrate on, the air is safe, since particles, sulfur dioxide and nitrogen oxide in the air have not surpassed the state safety standard.

Of all the rivers and lakes in the region, only the upper and middle reaches of the Tuilong River, a tributary of the region's largest river—Yarlung Zangbo River, is slightly polluted by industrial waste water and domestic sewage.

The total amount of industrial solid waste is about 75,000 tons, which covers an area of .2 ha.

The bulletin, the first of its kind issued by the region, concluded that the air, water and soil environmental situation is the best in China.

The bulletin also provided statistics about the ecological situation of the region, adding the situation, including forest reserve, grassland, cultivated land, domestic animals and wild life, is optimistic.

North Region

Li Ximing Inspects Information Industrial Base

SK2405072992 Beijing BEIJING RIBAO in Chinese
1 May 92 p 1

[Text] "To accelerate reforms and opening up and to push the capital's economic development to a new stage, on the one hand, we must further invigorate state large and medium-sized enterprises, and on the other hand, we must accelerate the development of advanced science and technology and apply them to production. It is necessary to concentrate energy on successfully building the Shangdi information industrial base to further accelerate the development of the Beijing Municipal new-tech industrial development experimental zone." This was particularly pointed out by Li Ximing, secretary of the municipal party committee, during his recent inspection tour to Shangdi information industrial base.

Li Ximing first traveled to Shangdi information industrial base to inspect roads and the infrastructure facilities in the factory area on the morning of 29 April and held talks with base leaders. Shangdi information industrial base covers an area of 1.8 km. More than 50 million yuan has been invested in building underground pipelines, roads, telecommunications facilities, and heating projects, which will be completed within this year. So far, nine companies and enterprises have signed land-leasing contracts with the base. After listening to briefings on the related situation, Li Ximing said: "Shangdi information industrial base has the advantages of having advanced science and technology and trained personnel, as well as being located in a college community. It is necessary to concentrate energy on accelerating construction, and do all we can to attract more foreign capital as well as operate more joint ventures." After that, Comrade Li Ximing also visited the Beijing Daxin technology development company of the Fangzheng group company and the Sotaike company of the Stone Group Company, and fully affirmed their efforts in taking the development of high-tech products as the mainstay since their establishment, and persisting in combining science and technology with production, sales and service to achieve sustained, stable, and high-speed development. He pointed out: The high and new technological findings produced by the new-technology industrial development experimental zone must be turned into productive forces as soon as possible. The state large and medium-sized enterprises in Beijing may combine their efforts with that of enterprise groups in the experimental zone in readjusting their product mix and production set-up and in raising economic efficiency, and may draw experience from them.

In the afternoon, Li Ximing held further talks with leading comrades of the Haiding District party committee and government to thoroughly understand the implementation of various policies in the new-tech industrial development experimental zone, and put forward specific demands on how to strengthen the study of strategy for developing the experimental zone, to determine the subject of developing high and new-tech industries as quickly as possible, and to further deepen reforms during the development of the experimental zone.

Base Attracting Investment

OW2505092292 Beijing XINHUA in English
0852 GMT 25 May 92

[Text] Beijing, May 25 (XINHUA)—The Shangdi information industry base here has been speeding up its development over the past few months.

According to an official in charge of the development work at the base, 15 enterprises, including the Beijing Legend Computer Group Co. and Beijing Stone Corporation, China's largest computer enterprises, have signed contracts to lease about 115,000 sq m of land there.

He said that about 57 enterprises from Japan, Germany, Taiwan, Hong Kong and Macao have signed documents of intent to lease more than 100,000 sq m of land in the base.

Situated near the Yuanmingyuan historical ruins and part of the Beijing new technology industry development and experimental zone, the Shangdi information industry base covers 118 sq km.

The base aims to develop the sectors of electronic information, integrated optics technology, and pollution-free machinery and electronics.

At present, an "information thoroughfare" running through the whole base has been planned and the construction of a triangle-shaped "information building" has started.

Meanwhile, standard workshops have been constructed in the park, and other kinds of buildings such as apartment buildings for residents and for secondary schools are under construction, with installation of water, electricity and gas facilities.

Beijing Government To Aid Private Enterprises

OW2605092492 Beijing XINHUA in English
0911 GMT 26 May 92

[Text] Beijing, May 26 (XINHUA)—Beijing has taken aggressive measures to boost its individually-run businesses and to encourage more people into the sector.

By the end of the century, the number of people in this sector is expected to double to 40,000, according to Guo Zhengang, deputy director of the Beijing Administration for Industry and Commerce.

According to "BEIJING DAILY" [BEIJING RIBAO] today, to enliven the individual economy in the capital, some requirements on business qualifications, scale and location have been relaxed. Individuals in some trades have even been permitted to deal with wholesales.

The construction of more than 100 free markets will start this year and some far-sighted self-employed businessmen will pool their resources to set up business centers in downtown areas.

Nowadays, it is not rare for a self-employed person in Beijing to possess several hundred thousand yuan.

Besides injecting long-term cash into projects, some have started to exchange experiences with their foreign counterparts.

In mid-May, some 30 self-employed Beijing businessmen headed for the Commonwealth of Independent States (CIS) for a 10-day visit and market investigation.

In addition to visiting some markets in the CIS, they also brought home commodity samples for a feasibility study of local consumer demands.

To spur the individual and private economy and create more jobs for workers laid-off following the on-going streamlining programme in enterprises, the Beijing administration for industry and commerce has worked out measures to encourage the unemployed to go in for individual and private businesses.

"So long as the money is earned legally, the government will not be envious, no matter how huge the money you make," said Mayor Chen Xitong at the just-ended conference for the city's self-employed labourers.

In the past, self-employed businessmen were despised and their social status low.

Guo said that to ensure the healthy development of individual economy, self-employed people should improve their own calibre and erect a new image.

In the eyes of many people, self-employed businessmen usually evade taxation and cheat consumers by short-changing customers with inferior-quality commodities.

But government officials said that most of them could pay taxation according to regulations.

Hebei's Qinhuangdao Introduces More Foreign Funds

OW2605105792 Beijing XINHUA in English
0738 GMT 26 May 92

[Text] Qinhuangdao, May 26 (XINHUA)—Qinhuangdao, one of China's 14 open coastal cities, has adopted a series of measures during 1992 to accelerate its effort to open further to the outside world.

In the first four months of the year, the city, which is located in North China's Hebei Province, approved 50 foreign-funded projects with a total investment of over

539 million U.S. dollars. The figure exceeds the total foreign investment introduced into the city during the past eight years.

Qinhuangdao has convenient transportation facilities and abundant natural resources, and since China implemented the policies of reform and opening to the outside world in the late 1970s the city's export economy has developed rapidly.

As part of an effort to accelerate the pace of opening, the city has decided to open a 10.16 square kilometer free trade zone and will undertake land development on an additional 24.75 square kilometers.

The city government has also decided to expand the Qinhuangdao Economic Development Zone from the original 1.9 sq. km. to 9.06 sq. km., in addition to constructing the port of Shanhaiguan and opening new tourism development zones.

In addition, the city will establish a coal market. At present, the port of Qinhuangdao handles 60 million tons of coal annually, making it the world's largest coal export port.

Inner Mongolia's Foreign Investment Policies

SK2605084292 Hohhot NEIMENGGU RIBAO
in Chinese 25 Apr 92 pp 1, 2

[By reporter Xu Dongyang (1776 2639 3152): "Inner Mongolia's Policies Are More Preferential Than Those of Coastal Open Zones"]

[Text] At a news briefing on opening wider to the outside world held by the autonomous regional people's government on the afternoon of 24 April, Chairman Bu He made public the preferential policies that the autonomous regional government had recently decided to adopt on stepping up the introduction of investment from abroad and establishing lateral ties at home.

Attending the news briefing were party and government leaders of the autonomous region, including Wuyunqimuge, Liu Zuohui, Alatanaoqier, Zhao Zhihong, Yi Junhua, and Lin Yongsan.

Chairman Bu He said: Inner Mongolia is implementing a border development strategy. The general idea of it is to use reform to promote opening up and use opening up to promote exploitation and further development. We are determined to achieve success in the region's endeavor to build "two belts and one zone"—an open belt along the border, a development belt along railways, and a resources development zone—and establish a development pattern in which the "forward area makes breakthroughs, the hinterland blossoms, and the endeavors of opening up to the outside world and establishing lateral ties at home are developed on a large scale to lead the development of the entire region." To hasten introduction of investment from abroad and establishment of lateral ties at home, the autonomous regional people's

Congress endorsed the "regulations of the Inner Mongolia Autonomous Region on encouraging foreign investment" in June of last year. Based on the regulations, the following stipulations are drawn up in light of the preferential policies of coastal open zones on introducing foreign capital and establishing the three types of foreign-funded enterprises.

—Domestic and foreign investors are encouraged to develop within the boundaries of our region all industries and trades that have a positive significance in economic cooperation and technological exchanges. When approved, they may concurrently develop other businesses while engaged in one major trade. Foreign firms are permitted to hold state enterprises' property right wholly or partly that is sold with the approval of the autonomous regional government through purchasing the property, purchasing the shares, controlling the shares, and bearing the debts of the enterprises, or other measures that both sides agree to take. When the property right is sold, the enterprises may enjoy the various preferential treatments that the state and our region have granted foreign-invested enterprises. Other localities, all trades, and economic organizations of different ownerships in the country are encouraged to participate in this work, and they will be given the preferential policies for domestic-invested enterprises.

—In land use, domestic and foreign investors may be granted preferential policies that are more relaxed than the preferential conditions for coastal areas. Foreign-funded enterprises are exempted from the land use fee within the approved construction period, and foreign investors who make use of the existing space of enterprises to develop new enterprises are exempted from the land use fee for five years after the new enterprises are put into operation. Enterprises which produce export products; enterprises with advanced technology; enterprises engaged in the construction of energy, transportation, and infrastructural facilities, the development of resources, and the production of raw materials; and the production enterprises in which foreign investment exceeds \$1 million are exempted from the land use fee for seven to 15 years after they go into operation. Our criteria based on which space use fees are collected from foreign investors should be more preferential than those of other provinces and municipalities. Foreign firms are encouraged to lease small tracts of land or contract for large tracts of land to develop numerous types of industrial zones in a comprehensive manner. Within the areas leased or contracted by foreign firms, business activities will not be restricted by local regulations as long as they do not violate PRC law.

—Foreign-invested production enterprises whose operation period exceeds 10 years are exempted from the enterprise income tax in the first two years after they begin to make profits, and their enterprise income tax will be reduced based on the proportion of their export products for several years afterward. For their income

from the production and business that conform to the state industrial policy, foreign-invested enterprises may enjoy an income tax rate more preferential than that of foreign-invested enterprises in coastal open zones, and they will be exempted from local income tax. Foreign-invested enterprises are permitted to pay taxes in the renminbi they receive in doing business instead of foreign currency. Foreign investors are exempted from the income tax on their share of enterprise profits and on their remittance outside the country.

—The profits of domestic-invested enterprises are divided by the two sides of the cooperation program through consultation, and the side from another locality is permitted a higher percentage of the profit than that of its actual investment. Domestic-invested enterprises are exempted from the income tax for three years. Enterprises which invest in energy, transportation, telecommunications, and raw materials industries; agriculture, animal husbandry, and other developmental construction; and in projects with a fairly high technological level and requiring a longer period to recover their investment are all exempted from the income tax for five years without exception. If they use the profits they share to invest in these localities and departments again, they are exempted from the income tax. The new products developed by domestic-invested enterprises, the brand-name good-quality products they create, the brand-name good-quality products that reach or exceed provincial or ministerial standards which they introduce, and the products they export may be listed in the new product development plan of the autonomous region, and the product tax (value added tax) on such products may be reduced or exempted in a proper manner. The amount of reduced or exempted taxes should be used in technological development and technical transformation.

—Energy resources, materials in short supply, circulating funds, means of transportation, construction, and telecommunications equipment of foreign- and domestic-invested enterprises may be provided, lent, arranged, or installed on a priority basis. Foreign-invested enterprises will be charged in the same way the state enterprises of our region are charged for the water, electricity, gas, oil, coal, heat, raw materials, transportation, telecommunications, labor, construction design, construction, and installation supplied to them, and they may pay in renminbi. Foreign staff members and workers of the enterprises may pay in renminbi for food, housing, transportation, post, telecommunications, and medical services provided them in the region, which will be charged according to the same standards by which Chinese personnel are charged.

Bu He also said: The Hulun Buir League, Wuhai city, and Manzhouli city will adopt more preferential policies and flexible methods. The autonomous regional government will commend and award at regular intervals the

departments, enterprises, institutions, and individuals that make outstanding contributions to the endeavor to open wider to the outside world. Personnel who make contributions to introducing domestic and foreign funds, technology, and equipment; personnel who serve as a bridge in this work; and the units and individuals who help the region's enterprises reduce deficits and increase profits by bringing in technology and products may be rewarded according to the profits they create. The autonomous region will enforce a joint work system to particularly handle the various procedures for the enterprises that introduce investment from abroad and establish lateral ties at home at regular intervals and at a designated place so as to raise work efficiency. Matters that need to be acknowledged or resolved as stated in the documents submitted by such enterprises should be approved or replied to within 15 days after the documents are received. As long as all the documents are complete and all the procedures are performed, enterprises should be registered, and licenses should be issued to them within 10 days.

In conclusion, Bu He said: In August this year, our region will hold its annual "Inner Mongolia trade fair" and the grassland tourist festival. Before this, the Hulun Buir League will hold international and domestic economic and trade talks. Domestic and foreign businessmen and friends are welcomed to attend and to hold talks on cooperation projects.

Hohhot To Adopt 'Extremely Preferential' Policies
SK2605110092 Hohhot NEIMENGGU RIBAO
in Chinese 30 Apr 92 p 1

[By reporter Guo Yu (6753 6877): "Hohhot City Steps Up Construction of Jinhe Economic Development Zone and Ruyi High- and New-Tech Development Zone"]

[Text] Hohhot city held a news briefing on opening wider to other localities of the country and to the outside world on the afternoon of 27 April to announce its plans and corresponding preferential policies for stepping up construction of an economic and technological development zone and a high- and new-tech development zone.

Proceeding from its actual conditions and advantages, Hohhot city made an official decision on the plans for establishing the Jinhe Economic and Technological Development Zone and the Ruyi High- and New-Tech Development Zone in Hohhot and the programs for stepping up their construction after conducting study and appraisals from various angles and a great amount of early-stage preparations. It also established a development zone leading group led by Bai Yin, mayor of Hohhot city, and a special work organization to lead and carry out the work for building the two development zones. In line with the principle of "making overall planning, optimizing development, focusing on high and new technology, keeping the export-oriented economy in view, adopting new methods in management, and

stressing efficiency," the plans take high and new technology as the starting points and aim at establishing a development pattern in Hohhot in which new products and the export-oriented economy are developed and industrial communities are interrelated and at building Hohhot into a base for coordinated development of technology, industries, and foreign trade.

The Jinhe Economic and Technological Development Zone is located in the southern suburbs of Hohhot city, 6 km from the downtown area. With the Hohhot-Qingshuihe and Hohhot-Togtoh Highways as the boundaries in the east and the west, the development zone ends at the northern dikes of Dahei He in the south and the southern bank of Xiaohei He in the north and covers an area of 24.7 square km. The terrain in the zone is smooth, and the natural environment and water, electricity, and transportation conditions are fairly good. According to the plans, this zone will have a living area, a public utilities area, and a production area as well as warehouses, roads, and green land. Three parks will be built, one of which will be a modern and multipurpose one. Located in the eastern suburbs of Hohhot city, the Ruyi High- and New-Tech Development Zone covers an area of 194.6 hectares to the east of the Ruyi village, to the west of the Halaqin Valley, and to the north of the Taohaoban village. This zone is only 1.7 km from the city proper and 6 km from the Baita Airport. The Beijing-Baotou Railway and Beijing-Baotou Highway are its northern boundaries. Because it is near to the city proper, it may rely on the city in the use of most of its infrastructural facilities. In this way, it saves money for early-stage development, and its projects can be started easily. In the living district in the zone, there are a housing area for rank-and-file staff members and workers, a high-grade housing area for managerial personnel, and a villa area for foreign businessmen. In the production district, electronic, information, new energy, new material, automation, and biological engineering industries that have high starting points, a high technology content, and high additional value; that earn a great amount of foreign exchange; and that create no pollution of waste water, waste gas, and industrial residue will be developed on a priority basis.

Hohhot city has formulated the "Hohhot development zone regulations," the "preferential policies for encouraging foreign investment in the development zones," and the "preferential policies for encouraging the development of the enterprises that establish lateral ties at home in the development zones" that are more flexible, more open, and more preferential than those of the coastal areas, the special economic zones, and even the autonomous region. It will implement extremely preferential policies concerning the reduction and exemption of the import and export customs duty, import regulating tax, unified industrial and commercial tax, enterprise income tax, personal income tax, real estate tax, and license plate tax for vehicles; concerning the exemption of the land use fee; and concerning the establishment of foreign-funded banks.

Tianjin People's Congress Makes Personnel Changes

SK2205153192 *Tianjin TIANJIN RIBAO in Chinese*
29 Apr 92 p 2

[Personnel appointments and removals approved by the Tianjin Municipal People's Congress Standing Committee on 28 April]

[Text] Ye Disheng [0673 6611 3932] was appointed director of the Tianjin Municipal Foreign Economic Relations and Trade Commission.

Cao Xuezhi [2580 1331 2535] was appointed director of the Tianjin Municipal Pharmaceutical Administration.

Zhang Shiyong was removed from the posts of director of the Tianjin Municipal Foreign Economic Relations and Trade Commission and director of the Foreign Affairs Office of the Tianjin Municipal People's Government.

Zhang Ning was removed from the post of director of the Tianjin Municipal Pharmaceutical Administration.

Artificial Island for Oil Field Near Tianjin

OW2605111892 *Beijing XINHUA in English*
1017 GMT 26 May 92

[Text] Tianjin, May 26 (XINHUA)—China has succeeded in positioning an artificial island in the shallow Sea of Bohai for tapping more oil.

The building of the island in the shallow sea is a key project for increasing the reserves and output of oil of the Dagang Oilfield near Tianjin, one of the major oilfields in northern China.

The round artificial island is 60 meters in diameter, with the walls 1.8 meters thick and 12 meters high. The whole structure is of reinforced concrete. The mammoth structure was dragged into the sea and positioned by employing the air cushion technology.

The success has opened up an important way for the exploration and development of offshore oil in the muddy shallow seas.

Northwest Region

Shaanxi's Bai Qingcai on Smashing 'Three Irons'

HK2405011592 *Xian Shaanxi People's Radio Network in Mandarin* 0030 GMT 16 May 92

[Text] At a meeting on smashing the three irons and transforming the enterprise operational mechanism held on 13 May, Governor Bai Qingcai stressed: No hesitation is allowed in smashing the three irons. We must not take a wait-and-see attitude, must be resolute, must do the work meticulously, and must quicken the tempo.

Governor Bai Qingcai raised five opinions on the present campaign in enterprises to smash the three irons and transform the operational mechanism.

When speaking about deepening understanding of the importance of smashing the three irons and transforming the enterprise operational mechanism, Bai Qingcai pointed out: For the present, we must help the large numbers of workers and staff, including cadres, to really recognize that the management formula for our state-owned enterprises, which is related to our traditional economic system, is fraught with drawbacks. These drawbacks mainly find expression in the personnel, employment, wage, and distribution systems. Facts have shown that we will not bring out the superiority of the socialist system without reforming the systems. Accordingly, we will not be able to arouse the enthusiasm of the broad masses of workers and staff and bring up qualified people. In a sense, the systems only serve to encourage laziness and sluggishness. We should give play to party organizations, governments, trade unions, and the Communist Youth League in helping workers fully understand the harm done to us by the systems, through holding congresses of workers and staff or discussions.

Comrade Bai Qingcai went on: We should have a complete understanding of the campaign to smash the three irons rather than allowing it to cause panic. Smashing the three irons represents a basic reform of the personnel, employment, and distribution systems and in no way means unemployment for workers. The results of the reform will help arouse the enthusiasm of the large numbers of workers and staff, encourage everyone to make progress, and bring everyone's wisdom and talent into play.

On the need to boost confidence in smashing the three irons and transforming the enterprise operational mechanism, Bai Qingcai said: If we are certain the personnel, employment, and distribution systems must be reformed, we must resolve to press ahead despite all kinds of difficulties on the way. We must not give in. As we have seen, at present, some enterprises talk much but take little action with respect to smashing the three irons, putting on a good bluff [words indistinct]. In fact, they fail to really understand [words indistinct] and still hesitate ideologically. They are waiting for other people [words indistinct] and will not move forward until they feel secure. If every enterprise acts in this way, we will complain when we find out we are left behind by enterprises in other provinces [words indistinct]. In smashing the three irons and transforming the enterprise operational mechanism we must increase our confidence and adopt a resolute attitude. [passage indistinct] He said: I hope everyone will continue to implement the spirit of Comrade Deng Xiaoping's important speeches and apply the spirit to their own realities to step up reform so that the operational system will be transformed at an early date and the country and the large numbers of workers and staff will derive substantial benefits thereby.

When addressing the need to seize the favorable opportunity for smashing the three irons and transforming the enterprise operational mechanism, Bai Qingcai said: Facts show: If we carry out reform earlier, we will reap

the benefit earlier; if we carry out reform later, we will reap the benefit later; and if we refuse to carry out reform, we will go nowhere. We must further emancipate our minds and break free from all conventions. Comrade Deng Xiaoping's important speeches [words indistinct]. We really have an excellent opportunity at present. We must seize the favorable opportunity to expedite deepened reform.

When speaking about the need to give play to workers as masters of the country through smashing the three irons and transforming the enterprise operational mechanism, Bai Qingcai pointed out: Workers and staff of socialist enterprises are masters of the enterprises. Therefore, we, leading cadres at all levels in particular, must rely upon and have faith in the masses in running enterprises well. We must establish a firm faith in the masses and must not waver.

Governor Bai Qingcai said: Since workers and staff are masters of our enterprises, they should act as masters and fulfill their due responsibilities. If they fail to fulfill their responsibilities or are disqualified from being masters, enterprises should be allowed to dismiss them.

When talking about the need to make proper arrangements for redundant personnel, a problem resulting from the campaign to smash the three irons and transform the enterprise operational mechanism, Bai Qingcai said: We do not simply thrust onto society the workers left idle by optimization of labor groups, allowing them to go jobless, but rather make enthusiastic efforts to solve the problem. We should give them occupational training to improve their quality. With the development of [words indistinct], those who are qualified will be recruited again. At the same time, we should vigorously explore new possibilities in production to expand production, and those workers with special skills [words indistinct].

Bai Qingcai finally said: Some people maintain that protecting the iron rice bowl is in the interests of workers and staff. This argument is wrong. If enterprises' efficiency remains poor for a long time, the iron rice bowl will certainly finally change into a clay bowl. No one will have anything to eat. Therefore, we must conduct ideological and political education among workers and staff. So long as we can make the masses clear about the matter, they will support the campaign.

Xinjiang's Song Hanliang on Mao's Yanan Talks
*OW2605072392 Urumqi Xinjiang Television Network
in Mandarin 1655 GMT 23 May 92*

[From the "Xinjiang News" program]

[Text] A solemn meeting jointly organized by the propaganda department of the autonomous regional party committee, the autonomous regional cultural department, and the autonomous regional federation of literary and art workers was held today to mark the 50th anniversary of the publication of Comrade Mao Zedong's Talks at the Yanan Forum on Literature and Art.

Attending the meeting were autonomous region leaders, including Song Hanliang, Janabil, Keyum Bawudun, and Feng Dazhen, and cultural and art workers of various nationalities in the autonomous region.

The meeting was presided over by Feng Dazhen, vice chairman of the autonomous regional committee of the Chinese People's Political Consultative Conference and head of the propaganda department of the autonomous regional party committee. [video shows close-ups of Feng addressing the meeting]

Noted writers and artists in the autonomous region, including Liu Xiaofu, Wang Yufu, Afutou Kelimu, and Nasaiegin, made ebullient speeches at the meeting.

Delivering an important speech, entitled *Make Socialist Literature and Art Flourish To Serve Reform, Opening Up, and Economic Construction*, Comrade Song Hanliang, autonomous regional party committee secretary, said: [video shows close-ups of Song Hanliang reading from prepared notes]: It is precisely 50 years since the publication of Comrade Mao Zedong's magnificent works—*Talks at the Yanan Forum on Literature and Art*. Our solemn meeting here today marking its publication is of utmost significance.

The talks were Comrade Mao Zedong's masterpiece in which problems relating to literature and art were systematically and deeply expounded through the application of Marxist stands, viewpoints, and methods. It was a rare treasure in the treasure house of Marxist literature and art.

Since the founding of New China, under the guidance of the talks and the radiance of the party's policies on nationalities, the number of Xinjiang's literary and art workers of various nationalities has been increased continuously, with literary and artistic undertakings vigorously developed and their quality enhanced day after day.

Works created by the broad literary and art workers, which were full of the spirit of the times, have not only

been well received domestically, but also found their way on to international stages, earning fame for both the state and the nationality.

The practice of revolutionary literature and art over half a century proved that the fundamental spirit of the talks was everlasting, serving as a compass for works relating to socialist literature and art even today. The most important message we received from today's commemorative gathering was the study and implementation of the Marxist ideology and theory embodied in the talks, which may help the autonomous region's multinational literary and artistic undertakings to develop and flourish.

Song Hanliang said: The autonomous region is currently undergoing a new period of great opening up and development. In facing this new situation, the mission of literary and art workers of various nationalities is nothing other than plunging themselves into the fiery life of reform and opening up and economic construction, creating excellent works that may free us from feeling guilty in facing both the great times and the great people of ours, satisfying the ever-increasing needs of the various nationalities' spiritual and cultural life, and positively contributing to the booming of socialist literary and artistic undertakings and the promotion of socialist modernization.

Song Hanliang said: Party committees and governments at various levels should place works relating to literature and art on their daily agendas and overcome the problem of inconsistency. They should firmly implement the party's principle of "let a hundred flowers bloom and a hundred schools of thought contend," and promote free development of different artistic styles and patterns on the premise of adhering to the four cardinal principles, as well as free contentions on different academic views and schools of thought.

They should also energetically nurture and enhance the contingent of literary and art workers, show concern for them, provide the necessary conditions to facilitate their creative activities, respect the fruits of their labors, make efforts to create an environment under which talented people will keep on emerging, and build a great contingent of multinational literary and art workers.

Scientists Hope for Increased Cooperation

HK2305054892 Beijing CHINA DAILY in English
22 May 92 p 1

[By staff reporter Zhou Jie: "Scientists Wish More Strait Exchanges"]

[Text] Top scientists from the Chinese mainland and Taiwan hope to increase co-operation in science and technology between the two sides, in keeping with the more relaxed relationship which has recently emerged over the Taiwan Strait.

"I think that the two sides can cooperate in many aspects, including basic sciences and application technologies," Professor Ta Yu Wu, an eminent Taiwan physicist, told CHINA DAILY yesterday in Beijing.

The 85-year-old Wu is the president of the Taiwan-based Academia Sinica and is visiting the mainland to attend an international physics symposium in Beijing in his personal capacity as a physicist.

The conference, the First East Asian/Pacific-USA Symposium on Superconducting Super Collider (SSC) Physics, Experiment and Technology, which attracted more than 100 scholars from nine countries and regions, is discussing the possibility of co-operation in constructing the SSC.

Wu said that Taiwan has an advantage in the electronics industry, agriculture, life and medical sciences, and can co-operate with counterparts on the mainland.

"I'm deeply impressed in the mainland's work in archaeology and hope that Taiwan scientists can come and work in the laboratories," Wu said.

As a physicist, Wu said he wishes that the two sides can exchange experience in high-energy physics, but said that this issue is "a higher level of policy."

Zhou Guangzhou, president of the Chinese Academy of Sciences (CAS), echoed Wu's points.

"We two sides are working on several similar aspects and we both have our own advantages. Co-operation can be carried out in many aspects," Zhou said.

"The first thing is to increase mutual understanding," said the president, who is also a noted physicist.

Zhou said that he thinks Wu's visit will promote co-operation in science and technology.

He said that when the time is right, the two sides will produce an agreement on academic exchange.

"Maybe an agreement will come out in the next few months. But I don't guarantee that," Zhou said.

"I personally would like to visit Taiwan if there is an opportunity."

Accompanied by Nobel Physics Prize winner Professor T. D. Lee, Wu arrived in Beijing on May 17. This is his first visit to the mainland in 46 years.

Beijing University Confers Title on Physicist

OW2305130792 Beijing XINHUA in English
0953 GMT 23 May 92

[Text] Beijing, May 23 (XINHUA)—Beijing University has conferred honored professor title on Wu Dayou, an eminent Taiwan professor and an alumnus of Beijing University.

A ceremony was held in Beijing University today for the title conferring.

Professor Wu Dayou is so far the highest level Taiwanese scientist to visit mainland.

Wu was invited to be a professor of Beijing University from the United States in 1934. With his efforts, Beijing University has taken a lead in research of atom, experiments on molecular optical spectrum among other universities in the nation.

During the anti-Japanese war from 1937 to 1945, Beijing University moved to southwestern China's Kunming City and established Southwest Associated University with Qinghua University and Nankai University.

It was in Southwest Associated University that Professor Wu had fostered a number of world famous scholars as Yang Zhenning, Li Zhengdao, Zhu Guangya and Huang Kun.

Professor Wu left Beijing for Europe in 1946 and later went to Taiwan.

Wang Shuqing, acting president of Beijing University highly praised Wu's achievements made in various academic fields. He said Wu's research covers the atomic and molecular structures, optical spectrum, plasma sheet, nuclear physics, astrophysics and some other fields. Professor Wu has published more than 100 academic papers in the past years.

Professor Wu also made a speech on the occasion. He said he has been abroad for 46 years. He was very delighted to see the achievements made the Physics Department of Beijing University. All this is his expectations 40 years ago. He felt greatly honored to be conferred with the title of honored professor of Beijing University.

Zhou Peiyuan, former president of Beijing University, Zhou Guangzhao, president of Chinese Academy of Sciences and some other famous scientists participated in the ceremony.

First Mainland Scientists To Visit Since 1949*OW2505094592 Beijing XINHUA in English
0932 GMT 25 May 92*

[Text] Beijing, May 25 (XINHUA)—Six noted mainland Chinese scientists and their wives are scheduled to visit Taiwan next month at the invitation of noted physicist Wu Ta-you of the island province.

This was announced by the State Natural Sciences Foundation Committee here today.

They will be the first group of scientists to visit Taiwan since 1949.

The six scientists are chemist Zhang Chunhao, geneticist Tan Jiazhen, medical scientist Wu Jieping, bio-chemist Zou Chenglu, agronomist Lu Liangsu and physicist Hua Zhongyi.

At a news briefing here today Prof. Zhang, who is also chairman of the State Natural Sciences Foundation Committee, said that the visit is scheduled to last eight days and that they will mainly carry out academic exchanges with their counterparts in Taiwan.

He said that he was very pleased to have the opportunity to engage in exchanges with his Taiwan counterparts after so many years of separation. Quoting an ancient Chinese saying: "Everything is hard in the beginning," Zhang said that this is only a first step, and he hoped that there would be a second and a third.

According to the China Academy of Sciences, five more scientists from the mainland will visit Taiwan in July. The five will be physicist Zhao Zhongyao, geologist Huang Jiqing, bio-dynamics specialist Tang Peisong, physiologist Feng Depei and noted physiologist Yin Hongzhang. All of them are division members of the China Academy of Sciences. They used to be academicians at the Central Research Institute in Old China.

This morning Wu Ta-you, a Taiwan physicist who is now in Beijing on a visit and who conveyed the invitation, met Prof. Zhao Zhongyao, Tang Peisong and Huang Jiqing, who are to visit Taiwan, and Prof. Bei Shizhang.

Official Discusses Closer Banking Ties*HK2405043492 Beijing CHINA DAILY (BUSINESS
WEEKLY SUPPLEMENT) in English 24 May 92 p 1*

[By Wang Yong: "Taiwan Banks Could Be in Mainland's Future"]

[Text] If financial ties between the mainland and Taiwan continue surging, the future may see both sides establishing mutual bank branches for the first time, a top Chinese banking official says.

An exchange of bank branches could boost trade between the sides, which now is conducted solely through a third party such as Hong Kong.

Although the prospects for stronger ties are exciting, Wu Nianlu, director of the Institute of International Finance under the Bank of China, sounds a note of caution:

"Such an exchange of bank branches is for the long run."

In the meantime, Wu suggests a step-by-step approach to move carefully toward the mutual establishment of bank branches.

And at the same time, he suggests the sides should develop closer stock market links.

Wu believes a stronger Taiwanese presence in China's banking and securities industries could be a double dose of tonic to the mainland's economic development.

He outlined a series of steps the sides can take to work toward establishing mutual bank branches.

First, Wu said, scholars from the two sides should meet soon to discuss the situation. The meeting could take place in Beijing, Hong Kong or Taipei [Taipei], he said.

Second, banks from the two sides should establish direct correspondent relations.

Wu said he thinks the Taiwanese authorities should allow more of its banks to open branches in Hong Kong. This would allow for more direct contact with mainland banks in Hong Kong.

Further, Wu suggested Taiwanese bankers set up joint venture banks in Hong Kong with foreign partners. The joint venture banks can establish direct business ties with Bank of China-affiliated banks in Hong Kong or on the mainland.

Last, Taiwanese banks or investors may set up joint venture banks with mainland or foreign counterparts in such mainland cities as Xiamen, Wu said.

"If these initial steps bear fruit, then we can leap to the final stage," he said, alluding to opening mutual branches.

Wu isn't alone in his vision of the future. His views have been echoed by many Taiwanese businesses.

Peng Chwei-Ming, vice-president of Taiwan's Commercial Times, said many Taiwanese investors would like to see the mainland open its financial markets to them.

"If the financial market is open, together with other sectors, I believe Taiwanese investment in the mainland would rush in."

Wu's ideas about building ties between the two sides stock markets also are circumspect.

First, he said, Taiwanese investors should buy stocks floated in Hong Kong by businesses that include mainland partners.

Second, Taiwanese should buy B shares issued by mainland enterprises and floated in Hong Kong.

Third, Taiwan's financial organizations or enterprises should establish special funds to help individual Taiwanese investors buy shares in mainland enterprises.

Said Wu: "Taiwanese investment in the mainland stock markets can be profitable because they can secure a high return on equity."

Official Urges KMT-CPC Talks on Reunification

OW2205131592 Beijing XINHUA Domestic Service
in Chinese 0849 GMT 21 May 92

[By reporter Li Jianxiong (2621 0256 7160)]

[Text] New York, 20 May (XINHUA)—Tang Shubei, executive vice president of the China Association for Relations Across the Taiwan Strait, reiterated in New York on 20 May that the CPC had put forward the principle of "one country, two systems" for the motherland's peaceful reunification and that the Kuomintang [KMT] and the CPC should sit down to discuss a reunification plan on an equal basis. He also hoped the "one country, two systems" reunification principle would be better understood and accepted by the Taiwan authorities and Taiwan compatriots.

Tang Shubei said: As long as we insist on the principle of one China, any problems can be brought up for discussion, and solutions will eventually be found.

At a reception held this evening at the Chinese Consulate General in New York to welcome a visiting group of the association, Vice President Tang Shubei said: Considering the current political situation on Taiwan, we suggest that representatives of concerned political parties on both sides of the strait take part in talks between the KMT and the CPC.

Tang Shubei said: Mainland China and Taiwan have been separated for a few decades, so it will take some time to realize the motherland's reunification. Concurrently, we should first develop cooperation and establish closer contacts between the sides; we should create favorable conditions for peaceful reunification through enhancing our common understanding.

Tang Shubei said: Strengthening economic cooperation between the two sides will contribute toward raising the living standards of our compatriots on both sides as well as invigorating the Chinese nation's economy. However, such economic cooperation should not be attached to any political conditions. Over the last few years,

exchanges in various fields between the two sides basically have been one-way ones. He hoped two-way exchange can be realized at an earlier date.

Tang Shubei said: The association has been authorized to sign documents of agreement with authorized organizations and individuals in Taiwan on issues involving the government's administrative power, in order to solve a series of problems arising from the development of relations between the two sides.

Tang Shubei added: The two sides should handle relevant issues in a spirit of mutual respect, understanding, assistance, and sincerity. They should not provoke any disputes, so a peaceful atmosphere will permeate between the two sides.

In reviewing the development of relations between the two sides, Tang Shubei said: Some 3 million Taiwan compatriots have visited the mainland in the past four years; trade between the two sides reached \$5.8 billion last year; Taiwan has more than 3,800 investment projects on the mainland, with an agreement fund of more than \$3 billion.

The delegation of the association arrived in the United States on 15 May for an 11-day visit at the invitation of a seminar in Los Angeles on relations between the two sides of the strait.

Man Convicted as Taiwan Spy Receives Jail Term

OW2405060692 Nanjing Jiangsu People's Radio
Network in Mandarin 1015 GMT 23 May 92

[From the "News" program]

[Text] In an open trial recently, the Yancheng Municipal Intermediate People's Court sentenced (Chen Xiaoli), a spy supervised by the Taiwan Kuomintang [KMT] Military Intelligence Bureau, to 20 years imprisonment after finding him guilty of spying and illegal crossing state borders.

(Chen Xiaoli), who illegally crossed the state border in August 1990, was recruited and given espionage training by the Taiwan KMT Military Intelligence Bureau while he was stranded overseas. On orders from Taiwan's secret service, (Chen Xiaoli) slipped into the country in November the same year to carry out repeated espionage activities in Shenzhen, Shanghai, and Nanjing. He received orders in secret code from Taiwan's secret service to actively collect Chinese political, military, and economic information and secretly relay this information to the secret service.

Trade Official To Discuss 'Super 301' With U.S.

OW2305161192 Taipei CNA in English 1526 GMT
23 May 92

[Text] Taipei, May 23 (CNA)—A ranking Republic of China [ROC] trade official left Saturday for Washington where he will talk with U.S. officials on the U.S. decision to designate the ROC as a "Super 301 Priority Foreign Country."

Sheu Ke-sheng, director general of the Board of Foreign Trade, told reporters he will try to convince the U.S. Government that the Republic of China on Taiwan has done its best to improve the protection of intellectual property rights.

The Office of U.S. Trade Representative announced in late April that it decided to designate the Republic of China as a Special 301 Priority Foreign Country for Taipei's failure to implement effective protection of foreign intellectual property rights.

Under U.S. trade law, the USTR must start a six-month investigation of Taiwan's practices on the protection of intellectual property rights within 30 days after that date.

Sheu will tell U.S. negotiators of the ROC Government's latest efforts in improving protection of intellectual property rights in the hope of resolving the issue before the U.S. Government launches the investigation.

Before Sheu's departure, the Legislative Yuan passed Friday the revised copyrights law which stiffens punishment of violators of intellectual property rights. The legislature also adopted a resolution demanding government authorities to take effective measures to enforce the law.

The revised law, which clearly states that copyrights comprise "personal rights" and "property rights," enlarges the scope of protection, besides stiffening penalties against offenders.

Copyrights of an author is protected during his lifetime. And the period of protection is lengthened from 30 to 50 years after the death of the author.

Under the revised law, the government will protect the works of a foreigner whose country gives the same treatment to the works of Republic of China nationals.

Editorial on Investment in U.S. Aircraft Maker

OW2205142792 Taipei CNA in English 1350 GMT
22 May 92

[Editorial from 22 May edition of EXPRESS NEWS, an evening daily published by CNA: "A Win-Win Situation"]

[Text] Taipei, May 22 (CNA) — Taiwan Aerospace Corp. made a new proposal early this week on its plan to invest in McDonnell Douglas Corp. The proposal makes more sense than the original one advanced by the U.S. aircraft maker.

Instead of acquiring a 40 percent stake in McDonnell Douglas' commercial aircraft section valued at \$2 billion, Taiwan Aerospace proposed to buy 20 MD-12 jumbo jetliners still on the drawing board. But the purchase will go through only after McDonnell Douglas has received orders for at least 30 of the new aircraft. A standby letter of credit worth \$2 billion, however, will be issued to the U.S. firm in advance.

Denny Ko, president of Taiwan Aerospace, said the proposal will create a win-win situation because it reduces risks for Taiwan investors while the standby letter of credit will enable McDonnell Douglas to obtain bank loans to solve its current financial problems.

Whether the proposed investment project is viable depends on the marketability of the MD-12. If the advanced long-range jetliner project can be as successful as McDonnell Douglas wants us to believe, then Ko is absolutely right in his reasoning behind the new proposal, and the proposal should be acceptable to the U.S. firm, too.

In McDonnell Douglas' own projection, the MD-12 will take a 42 percent share of the jumbo jet market by 2005. The Ministry of Economic Affairs (MOEA) is not so optimistic, but believes Taiwan Aerospace can go ahead with its investment plan as long as McDonnell Douglas can have a 30 percent share of the market.

By conditioning its investment on a successful initial sale of the MD-12, Taiwan Aerospace is taking a pragmatic approach to the deal.

An MOEA evaluation report on the original proposal concludes that it would be a high-risk investment project with significant potential returns. That assessment makes it impossible for the government to take the lead in the project because it has to be prudent in handling taxpayers' money.

The private sector, on the other hand, is not likely to throw its weight behind the deal without active participation of the government.

The risks of the deal, therefore, have to be kept to a minimum if there is to be any chance of success.

New UK Trade Office Director Arrives 24 May

OW2505095892 Taipei CNA in English 0754 GMT
25 May 92

[Text] Taipei, May 25 (CNA)—Philip Morrice, newly appointed director of the Anglo-Taiwan Trade Committee in Taipei, arrived Sunday evening to assume his post.

Formerly the deputy chief of the British Embassy in Brazil, Morrice succeeds David Pointon whose tenure of office here will expire soon.

Officials of the Ministry of Foreign Affairs (MOFA) said that relations between Taiwan and the United Kingdom have been cordial in recent years.

High-ranking British officials visited Taipei last year, and the name of Taiwan's representative office in London was changed last month from "Free China Center" to "The Taipei Representative Office in UK" to more clearly reflect its functions.

With two-way trade reaching \$3.2 billion last year, Britain has become Taiwan's second largest trading partner in Europe, second only to Germany.

All these are signs pointing to closer ties between Taiwan and Britain, the MOFA officials noted.

UK's Thatcher To Meet With Li Teng-hui

*OW2205082692 Taipei CNA in English
0749 GMT 22 May 9*

[Text] Taipei, May 22 (CNA)—Former British Prime Minister Margaret Thatcher has sent her "warmest congratulations" to president Lee Teng-hui [Li Teng-hui] for the second anniversary of his inauguration, a ranking official said Thursday.

The official said that Mrs. Thatcher, in a message dated May 18, expressed the hope that she will have a chance to meet with President Lee during her upcoming visit to Taipei in August.

"I am so pleased that in late August I shall be fulfilling a long held ambition to visit your country," the former British Government leader said.

"I am aware that you personally share so many of the principles and ideals which have guided my own life," she said, adding that she hoped the visit will provide an opportunity to "discuss these in person with you."

She said the demise of communism in many parts of the world, particularly in Eastern Europe, "opens many opportunities but also puts many responsibilities on all of us in the free world."

She continued that she had set up a foundation whose objectives "have much in common with the efforts that you and your country are making on behalf of the all too fragile democracies of Eastern Europe and elsewhere."

And she looks forward to discussing these challenges with President Lee in early September.

The Iron Lady will visit here August 31 at the invitation of the Citibank Corp.

Colombia's Congressional Leader Eyes Closer Ties

*OW2205163992 Taipei CNA in English 1450 GMT
22 May 92*

[Text] Bogota, May 21 (CNA)—The president of Colombia's congress, Carlos Espinosa Facio-Lince, has rejected

an invitation to visit Peking and offered total support to the Republic of China [ROC].

"I'm interested in strengthening the commercial and political relations between Colombia and the ROC," he said in an interview with CNA.

Espinosa said the Chinese Communists have for several times invited him to visit the Chinese Mainland but he refused to accept the invitations.

The reason is, he said, "I believe that good relations with the ROC would mean establishing economic cooperation with one of the world's most important economic powers and this would bring more benefit to Colombia."

Espinosa is also the director of Colombia's ruling Liberal Party, and maintains close political and personal relations with President Cesar Gaviria.

AEAR Chairman Arrives in Japan 25 May

*OW2605085792 Taipei CNA in English 0759 GMT
26 May 92*

[Text] Tokyo, May 25 (CNA)—Ma Chi-chuang, chairman of the Association of East Asian Relations [AEAR] arrived here Monday for a 10 day visit to Japan.

Ma was greeted at the airport by Republic of China [ROC] representative in Japan Hsu Shui-teh, overseas Chinese leaders, and Japanese friends, including Masayuki Fujio, chairman of the Japanese Dietmen's Council for Japan-ROC friendly relations, and Harunora Kaya, chairman of the Interchange Association of Japan.

In a dinner party hosted by Hsu, Ma said he is here on behalf of President Li Teng-hui to meet overseas Chinese leaders and Japanese friends to express Li's appreciation for their support of the Republic of China Government.

Kaya said it was especially meaningful for Ma to visit Tokyo at a time when the Association of East Asian Relations (AEAR) has changed the name of its offices in Japan to "Taipei Economic and Cultural Representative Office in Japan," which will facilitate civilian exchanges between the two countries.

During his stay in Japan, Ma will call on former prime ministers Takeo Fukuda and Noboru Takeshita to exchange views on relations between Taiwan and Japan.

He will also meet Shin Kanemaru, vice president of the Liberal Democratic Party, Hiroshi Mitsuzuka, a prominent Dietman, and other political figures.

Taipei Reaffirms Sovereignty Over Sea Islets

*OW2605082892 Taipei CNA in English 0815 GMT
26 May 92*

[Text] Taipei, May 26 (CNA)—The government will consider cooperating with foreign countries in exploring the resources in the South China Sea on the premise that

such cooperation will not affect the Republic of China's [ROC] sovereignty over the area, Interior Minister Wu Po-shiung said Monday.

Wu led a ranking delegation to the Tungsha (Pratas) Island yesterday to open a corridor around a monument on the country's southern island.

Vice Defense Minister Wang Tuo-chih, four legislators, and department chiefs of the Ministry of the Interior were members of the delegation.

After cutting the ribbon, Wu said the simple but stately monument is an indication of the government's determination to maintain its territorial integrity. The monument is inscribed with Chinese words "Nan Hai Ping Chang (the shield in the South Sea)."

"We will not exclude the possibility of cooperating with other countries in developing the resources in this area in order to promote world peace and prosperity," the minister said.

The 1.74-square-km Tungsha Island is 168 nautical miles south of Shantou in Guangdong Province, 169 nautical miles southeast of Hong Kong and 220 nautical miles southwest of Kaoshiung.

The ROC armed forces took over the island in 1921 and began to station marine troops there in 1956.

In 1989, then Interior Minister Hsu Shui-te set up the "Nan Hai Ping Chang" monument on the eastern end of the island, where a resource development center, a weather observation station, and a workshop are situated.

On July 16, 1991 the Ministry of Foreign Affairs [MOFA] reiterated that the Tungsha, Hsisha (Paracel), Nansha (Spratly) and Chungsha (Macclesfield) Islands in the South China Sea are an integral part of the Republic of China's territory.

"No country or countries or civilian group or groups can claim or occupy these islands for any reason whatsoever," the MOFA said.

In response to Vietnam's refusal to acknowledge ROC sovereignty over the Nansha Islands, the ministry said Monday that the best way to settle disputes over the Nansha area, over which communist China, Vietnam, Malaysia and the Philippines all claim sovereignty, is to hold international talks.

In addition to strengthening navy patrol, the government will establish a coast guard to ensure the safety of ROC fishermen operating in the disputed area.

Official on Mainland Nuclear Blast, Exchanges

OW2305120792 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 22 May 92

[From the "Hookup" program]

[Text] Vice Chairman Ma Ying-chiu of the Mainland Affairs Council [MAC] under the Executive Yuan noted on the evening of 22 May: Although there is no way of knowing what motivated Communist China to conduct a nuclear blast recently, the fact that the test did take place should help us realize—and serve as a reminder—that Communist China is a nuclear power and that there should be no wishful thinking when it comes to cross-strait exchanges.

MAC has planned a large-scale review for the near future of the policy toward Mainland China. The review will be conducted in two stages. First, a preliminary meeting will be held among the National Science Council and the Ministries of Economic Affairs, Communications, and Education to examine current economic relations, trade, transport links, and cultural, educational, scientific, and technological exchanges between the two sides of the Taiwan Strait. MAC will then hold a general meeting encompassing all pertinent ministries, councils, and committees under the Executive Yuan to make an overall review of cross-strait contacts and related issues. Based on the meeting's results, adjustments will be made to the future policy of Mainland China.

This will be the government's first wholesale review of its policy toward Mainland China as contacts between both sides of the strait become more and more frequent, and it will have a significant impact on the future development of cross-strait relations.

Economic Affairs Vice Minister Yang Shih-chieh said yesterday: There will be no significant changes in the government's policy concerning cross-strait economics and trade prior to the review. Based on the review meeting's results, the Economic Affairs Ministry will adjust its policies concerning investments in and trade with Mainland China.

Official Condemns Mainland for 'Acts of Piracy'

OW2305103592 Taipei CNA in English 0808 GMT 23 May 92

[Text] Taipei, May 23 (CNA)—Ma Ying-chou, vice chairman of the Mainland Affairs Council, sternly condemned communist Chinese authorities Friday for their failure to stop mainland fishing boats from engaging in acts of piracy in the Taiwan Strait.

Ma's strong-worded statement followed eight piratic cases reported between May 5 and May 20 in which armed mainland pirates bullied or robbed their Taiwan cousins in the strait.

Ma said mainland authorities seemed to have connived at such criminal acts.

"We regret that Peking [Beijing] has indulged its fishermen to frequently harass Taiwan fishing boats," he noted.

Ma said he suspects the repeated piratic acts in the straits to be an organized crime. "We demand Peking authorities adopt effective measures to eliminate such acts and to ensure security and peace in the straits," he stressed.

Ma urged local fishermen to immediately alert coastal guard authorities whenever they encounter hostile mainland fishing boats so that naval ships can come to the rescue in time.

He went on to say that the latest piratic cases have again spotlighted the need for Taipei and Peking to work hand in hand to eliminate crime in the straits. "I hope representatives from both sides will meet soon to hammer out joint anti-crime programs," he added.

Legislative Yuan Passes Revised Copyright Law
OW2305085992 Taipei CNA in English 0801 GMT
23 May 92

[Text] Taipei, May 23 (CNA)—The Legislative Yuan Friday [22 May] passed the revised copyrights law which stiffens punishment of violators.

The legislature also adopted a resolution asking government authorities to take effective measures to ensure thorough enforcement of the law.

The revision enlarges the scope of protection, besides stiffening penalties against offenders.

Architectural writings, fine arts and art crafts, and data banks will be added to the items protected by the law.

Photos, audiovideo tapes, and computer programs will be protected as a printed work.

The law clearly states that copyrights comprise "personal rights" and "property rights."

Copyrights of an author is protected during his lifetime. And the period of protection is lengthened from 30 to 50 years after the death of the author.

The revised law authorizes the Ministry of the Interior to establish a copyrights bureau to screen copyrights and to mediate disputes.

Under the revised law, the government will protect the works of a foreigner whose country gives the same treatment to the works of Republic of China nationals.

Violators of a copyright are liable to paying compensations ranging from NT\$10,000 [new Taiwan dollars] to NT\$1 million. [passage indistinct] Funchien said the Yuan's fast move to OK the law has [passage indistinct] Board of Foreign Trade Director Hsu Ke-sheng will leave Taipei May 23 for Washington, D.C. for consultations over IPR.

Interior Ministry Approves Musical Copyright Laws
OW2605090892 Taipei CNA in English 0755 GMT
26 May 92

[Text] Taipei, May 26 (CNA)—The Ministry of the Interior Monday approved two draft laws governing the authorization for reproducing musical works and translating foreign publications in the Republic of China.

The ministry's copyright committee said the two laws will go into force when the copyright law is promulgated.

The government will automatically authorize the rights to translate a foreign publication in accordance with the Bern convention, committee chairman Wang Chuan-lu said.

Copyright owners of musical works are usually hard to contact. The government will authorize their reproduction in order to make them available here, Wang added.

The proposed law stipulates that responsible government authorities will grant the right of translating a foreign work which does not have any Chinese version outside of Mainland China.

Applications can be presented only one year after the original publication has been published. The government authorities will wait nine months before issuing a translation permit.

During the nine months, if the original copyright owner or his agent publishes the Chinese version, or decides to retract the circulation of the original publication, the government will not authorize any translation of the publication.

The reproduction of musical works will not be allowed within the first two years of their publication.

Applicants who have been granted the right to translate or to reproduce a foreign work must not transfer the right to other people.

If they want to change the volume of publications, they must request a government permit.

The government will inform the original copyright owners of the permission to publish the Chinese version and of the compensations to be paid for publishing their works in Taiwan.

Assembly Supports Amendment to Control Yuan
OW2305090092 Taipei CNA in English 0756 GMT
23 May 92

[Text] Taipei, May 23 (CNA)—Members of the Control Yuan will be nominated in the future by the president with the consent of National Assembly, according to a revision of the Constitution which passed the assembly Friday.

The Control Yuan members were previously elected by Taipei and Kaohsiung City Councils and the Taiwan provincial assembly.

After the revision, the Control Yuan will have to muster a two-third majority support to pass a resolution to impeach the president and vice president. The impeachment proposal must first be endorsed by at least 50 percent of all Yuan members.

The Kuomintang proposed revision, which won approval of three quarters of all assemblypersons, will make the Control Yuan a "quasi-judicial" organization.

The next Control Yuan, which will be sworn in Feb. 1, 1993, will have 29 members serving a six-year term. A Yuan president and a vice president will be elected from among the members.

Country Coping With 'Strain of High Growth'

OW2505103792 Taipei CNA in English 0800 GMT 25 May 92

[Text] Taipei, May 25 (CNA)—President Li Teng-hui said Monday morning that the government is working to redress the strain of high economic growth and its resultant disorder.

"We are confronting such problems as chaotic traffic, environmental pollution, crime on the increase, and lack of cultural and recreational installations," the president said.

"All this has necessitated our full-scale and comprehensive planning for a remedy," he said in a speech to the

Asia and Pacific council for science and technology symposium, which opened in Taipei Monday.

For this reason, Li said the government has started the constitutional reform, promoted the Chinese cultural renaissance movement, and launched the Six-Year National Development Plan.

The aim is to "restore the economic and social order in pursuit of an overall, well-balanced development," the president told the gathering.

Sedition Charges Dropped Against Three Dissidents

OW2505103692 Taipei CNA in English 0757 GMT 25 May 92

[Text] Taipei, May 25 (CNA)—The courts dropped sedition charges against three well-known Taiwan independence dissidents over the weekend after Article 100 of the criminal code was revised.

Li Ying-yuan and Wang Kang-lu were released at court after the judges dropped sedition charges against them, but they still face criminal charges for violating the national security law.

Sedition charges against Kuo Pei-hung, another independence dissident, were also dropped, but he was sentenced to eight months in jail for forging documents. He is still detained at the tucheng detention center.

The revised sedition law punishes only those who have "actually begun to use violent or menacing means to sabotage the government."

Previously, using words or language to promote anti-government ideas was punishable.

Hong Kong

U.S.-Hong Kong Policy Act 'Meddling' in Affairs

OW2605091792 Beijing XINHUA in English
0909 GMT 26 May 92

[Text] Beijing, May 26 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that China is firmly opposed to any country meddling with affairs in Hong Kong under any pretext.

The spokesman made the statement when asked to comment on the "U.S.-Hong Kong Policy Act of 1992," which was passed by the U.S. Senate on May 21.

He noted that "Hong Kong affairs are concerns of China and the United Kingdom before July 1, 1997, and will be within the scope of the internal affairs of China after that date."

"We are firmly opposed to any country meddling with affairs in Hong Kong under any pretext," the spokesman said.

Li Urges 'Strictly' Implementing Law

OW2605115192 Beijing XINHUA in English
1138 GMT 26 May 92

[Text] Beijing, May 26 (XINHUA)—Chinese Premier Li Peng met with a delegation from the Liberal Democratic Federation of Hong Kong led by its chairman and advisor to the Hong Kong affairs Hu Fa-kuang at the Great Hall of the People here this afternoon.

Official sources said that during the meeting Li briefed the visitors on the present reform and opening to the outside world, especially how the people on the mainland are implementing Deng Xiaoping's important remarks made during his inspection tour of South China early this year.

Li also discussed with visitors on the issue of Hong Kong. Li noted that there are still more than five years before the returning of Hong Kong's sovereignty to the motherland.

"It is our hope to see Hong Kong's stable transition and smooth transfer of power and continue to maintain its prosperity and stability," Li said.

To achieve this, it needs the concerted efforts by the people of all walks of life in Hong Kong, he added.

Li stressed that so long as China and Britain strictly abide by their joint declaration on the issue of Hong Kong and strengthen cooperation, and the Hong Kong Basic Law is able to be implemented earnestly after 1997, the above-mentioned goal will surely be realized.

Lu Ping Dismisses Calls for More Legco Seats

HK2305033592 Hong Kong SOUTH CHINA
MORNING POST in English 23 May 92 pp 1, 2

[By Fanny Wong, Jeremy Lau, and David Wallen]

[Text] Beijing's leading spokesman on Hong Kong affairs, Mr Lu Ping, yesterday dismissed calls for more directly-elected seats in the Legislative Council [Legco], saying such a move was "totally out of the question".

In China's toughest comments to date on calls for greater democracy in the territory, the Director of the Chinese State Council's Hong Kong and Macao Affairs Office said there could be no negotiations to increase seats before the 1995 election because such a move would be in conflict with the Basic Law.

Those legislators leading the campaign for more democracy were simply "misleading" Hong Kong people, he claimed.

"Some people keep criticising us (for).... disregarding the rule of law, but when it comes to their turn, they actually fail to abide by the rule of law," said Mr Lu.

"They have every right not to support the Basic Law but they should not make other people do so. It is purely misleading people.

"Our stance is very clear, it is totally out of (the) question for us to discuss changes to the Basic Law."

Under the present timetable agreed to with China, 20 seats will be directly elected in 1995. But there have been demands for at least half of the Legislative Council to be directly elected by 1995 and three quarters by 1999.

Mr Lu's comments came as leaders of the United Democrats met Prime Minister Mr John Major in London and urged him to speed up the pace of democracy.

Elsewhere, the new Hong Kong minister, Mr Alastair Goodlad confirmed that Britain would discuss the matter with Beijing and decide "reasonably soon" on the number of seats up for election in 1995.

Speaking during a visit to Macao, Mr Lu said: "If one doesn't consider the question of convergence (with the Basic Law), it will be very simple—the composition of the pre-1997 legislature will be decided by the British Hong Kong administration.

"However, if one does take convergence into consideration, in other words to act in accordance with the Basic Law, the last pre-1997 legislature should straddle the first Special Administrative Region (SAR) legislature.

"For convergence, if you want to amend the Basic Law, there are procedures laid down in the document."

Mr Lu referred to Article 159 of the mini-constitution, which said the power of amendments to the Basic Law shall be vested in the National People's Congress (NPC).

He said that under the Basic Law, any such amendments would require the approval of two-thirds of the Hong Kong legislators and two-thirds of the Hong Kong NPC deputies as well as the consent of the Chief Executive of the future SAR before the proposed changes could be tabled to the NPC Standing Committee for deliberation.

"The fact that there are such procedures has made it totally impossible to change the Basic Law before 1997—there isn't the future SAR legislature and the Chief Executive nor is there the Basic Law Committee," Mr Lu said.

Without specifically referring to the opening of formal negotiations with China, Mr Goodlad said a decision on the number of seats would have to be made soon because it would obviously be a subject at the top of the agenda for the new Governor, Mr Chris Patten.

"We are going to need to take decisions on it and a whole range of issues when he (the new Governor) has formed his view after consulting very widely in Hong Kong," said Mr Goodlad, who is due to begin a week-long visit to the territory tomorrow.

Asked how many more directly elected seats Britain would be pushing for when his Government started negotiations with Beijing, Mr Goodlad said it was one of the subjects that London and the new Governor wanted to consult about.

But speaking after yesterday's 45-minute meeting with Mr Major, United Democrat chairman Mr Martin Lee Chu-ming accused Mr Major of sticking to the Foreign Office line that there must be full agreement with China on important developments within Hong Kong.

However, the normally vociferous Mr Lee refused to go into details of just what was said on the democracy issue during the Downing Street talks, saying it was a matter of confidence with the Prime Minister.

The liberal leader also dropped no hint that Downing Street was preparing to take a hard line with China on the issue.

Mr Lee commented: "None of our basic fears have been allayed."

"They are still sticking to the Foreign Office line of making an agreement with China on everything. In other words, without China's agreement they felt they could do nothing."

"He (Mr Major) certainly did not reject any of our proposals nor did he accept any."

Meanwhile, Executive and Legislative Councillors yesterday welcomed Mr Goodlad's comments.

Exco [Executive Council] member Mrs Rita Fan Hsu Lai-tai said: "What is important is that a clear answer which both the British and Chinese Governments agree

upon can be announced as soon as possible so that there's no uncertainty hanging up in the air."

Mrs Fan, a core member of Legco's conservative Cooperative Resources Centre (CRC), believed if the two Governments could reach a consensus, the Chinese side could certainly find a way to handle Hong Kong people's demands for amending the Basic Law.

Her Exco and CRC colleague, Mr Allen Lee Peng-fei, also said it was the best time for the British Government to initiate a discussion with China.

United Democrat Mr Szeto Wah said Mr Goodlad had to discuss the pace of democracy with China because it had been promised by the British Government.

He said Hong Kong people would abide by the rule of law and suggested that the Basic Law should therefore be amended.

"If we are not allowed to suggest amendments to the law, there is no freedom of speech at all," he said.

Another United Democrat legislator, Mr Lau Chin-shek, said whether the Basic Law could be amended would depend on the public instead of Mr Lu's personal will.

Editorial Views Issue

HK2405060092 Hong Kong SOUTH CHINA
MORNING POST in English 23 May 92 p 12

[Editorial: "Goodlad Starts To Rewrite the Agenda"]

[Text] In what may turn out to have been the most significant statement of British policy on Hong Kong since the appointment of Mr Chris Patten as the next Governor, the Foreign Office minister with responsibility for the territory, Mr Alastair Goodlad, yesterday promised a decision would be taken "reasonably soon" on the number of directly elected seats in the Legislative Council in 1995.

Not only was it to be one of the subjects at the top of the incoming Governor's agenda, but it was also important to take a decision because "various other arrangements" depended on it, Mr Goodlad said in an interview with Radio Television Hong Kong. Decisions would have to be taken after very wide consultations in Hong Kong.

Of such vague words are momentous Foreign Office pronouncements made. "Reasonably soon" is hardly a precise timetable, but it is a quantum leap from previous statements. Only last autumn it was made known that Britain's long-promised approach to China to ask for more than the 20 directly elected seats by 1995, as specified in the Basic Law, was at least two years down the road.

The British Government has taken on board the message, delivered forcefully to Mr Goodlad's predecessor Lord Caithness on his last visit here, and reinforced by delegations of Legislative Councillors in London over the past two weeks, that Hong Kong needs to be certain

of its position. The Government must soon decide on the electoral arrangements for 1995. It can neither fix constituencies if there is doubt about the number of directly elected seats.

British officials yesterday were quick to defuse some of the impact of Mr Goodlad's radio comments by pointing out that references to "negotiations" with Beijing were used by the interviewer, not by the minister, but even with that dilution his remarks are controversial. When Mr Goodlad arrives in the territory next week to begin the process of consultation, he will find many people urging caution on changing the pace of democracy, or even advising him against raising it at all with Beijing. Conservatives in the community fear any attempt to re-open negotiations on the Basic Law would allow China to make changes in return.

The Director of China's Hong Kong and Macao Affairs Office, Mr Lu Ping, yesterday reiterated in strong terms Beijing's frequently stated position that it is not prepared to amend the Basic Law before 1997.

Why, then, would a new Governor risk an early rebuff by fighting a lost cause? Is it the first sign of Britain being prepared to abandon the principle of convergence, by quickening the pace of democracy regardless of the Basic Law and China's opposition?

It seems an improbable scenario, and the reception the United Democrats received from Prime Minister Mr John Major in London yesterday did nothing to encourage the belief that a unilateral abandonment of the Basic Law is in the offing.

It was the Foreign Secretary, Mr Douglas Hurd, who first made the promise "to go back to Beijing" two years ago, after negotiating the present very modest arrangements for directly elected seats. Politics being the art of the possible, it is more likely that the Major-Hurd-Patten strategy is to raise the issue of more directly elected seats in 1995 merely to demonstrate to the Hong Kong public how immovable China is on the topic, and then look for more achievable goals.

Britain may be ready to show a new willingness to stand its ground on areas where arrangements have not yet been laid down so firmly in the Basic Law. In return for not "rocking the boat" over the number of directly elected seats, Britain would ask China to give tacit approval to other arrangements for the 1995 elections which it might otherwise openly oppose. Retention of the first-past-the-post system, which is thought to favour liberals over pro-China candidates and lowering the voting age to 18 could be high on Britain's shopping list.

Earlier this month, the Prime Minister's special adviser on China affairs, Sir Percy Cradock, paid what was described as a "farewell" visit to Beijing before his retirement. That explanation is untypically sentimental, so other reasons—such as preparing the Chinese leaders for the new British approach on democracy matters—seem much more plausible. With Martin Lee, China's

least favourite son in Hong Kong, meeting Mr Major in London this week, Beijing may need some reassurance of that kind.

Democracy Question 'Pressing'

HK2405061492 Hong Kong THE STANDARD
in English 23 May 92 p A-8

[Editorial: "The Pressing Issue of Democracy"]

[Text] The prospects for harmony in the sensitive relationship between Hong Kong, Beijing and London blossom and fade with almost seasonal regularity.

One of the major causes of friction and bitterness in recent years has been the question of the pace of democracy in the territory in the run-up to 1997. And there were indications yesterday that this touchy subject has once more become a bone of contention between Beijing and London.

Britain has for the first time said that it plans early negotiations with China on more democracy for Hong Kong. The British minister with responsibility for Hong Kong, Alastair Goodlad, said talks would start "reasonably soon".

But Lu Ping, director of the Hong Kong and Macao Affairs Office, immediately hit back by stating at a press conference that Beijing would stand firm on the number of directly elected seats already agreed with Britain.

Sandwiched between these two conflicting forces, the people of this territory have one eye on the clock and the other on the economic horizon. We are reminded with each new diplomatic impasse that Hong Kong's prosperity could be at risk if distrust between Beijing and London is allowed to deepen.

If there is a fundamental difference between China and Britain over the interpretation of the Joint Declaration provisions for the democratisation of Hong Kong, the issue must be resolved quickly with a minimum of name-calling.

The last thing we need now is a return to the bad old days of megaphone diplomacy. Any renewal of the war of words between Beijing and London would certainly not be a good omen for the arrival here on 9 July of a new Governor.

It has long been clear that Beijing has little understanding of the role of the Legislative Council. Britain was accused earlier this year of trying to destabilise Hong Kong by announcing the retirement of the outgoing Governor without naming a successor.

Back in January, the territory's leading pro-Beijing newspaper, WEN WEI PO, which usually reflects China's official thinkings, suggested that the UK authorities were seeking to create a lame duck administration here so that more power could be delegated to the Legislative

Council. Mr Goodlad's unhelpful comments may well have aroused similar suspicions in Beijing.

None of this means that the question of further democratisation for Hong Kong should not be discussed.

Beijing officials are aware that they will need London's co-operation over the next five years. And they might be willing to make certain concessions behind closed doors. This issue has been lingering since 1988. Now is the time to resolve it once and for all. The people of Hong Kong are entitled to receive a clear answer one way or the other.

The question of the pace of democratisation here is only one of a number of challenges facing the two sides in the run-up to 1997. But it is an issue that will not fade away. It also is an issue that becomes more pressing every day, because Hong Kong no longer has the luxury of time.

This matter must be resolved. There must be no false illusions, no misunderstandings. And, most important of all, there must be no renewal of the war of words between Beijing and London.

UK Minister Goodlad Begins Visit 24 May

HK2505015292 *Hong Kong THE STANDARD*
in English 25 May 92 p 1

[Text] Britain's new minister for Hong Kong committed his government to further consultation with China on the present pace and structure of democracy in Hong Kong.

"The governor-designate Chris Patten would want to consult quite widely about this subject," Alastair Goodlad said yesterday after he arrived in Hong Kong for a five-day visit.

"And when the time is right, no doubt conversations with the Chinese will take place.

"But I would not like to be specific about dates at this time."

Mr Goodlad made his comments two days after China's top official on Hong Kong affairs, Lu Ping, insisted that the number of directly-elected seats to be contested in the 1995 elections should not rise beyond 20.

Mr Lu said that Britain and China had agreed, as set out in the Basic Law, that the number of directly-elected seats in the 60-member council would rise from 18 to 20 in the 1995 elections.

"If Britain wants a smooth transition in 1997, then they should stick to that agreement," he said.

United Democrats leader Martin Lee has demanded that 12 more seats be made available in Legco [Legislative Council] in 1995.

Mr Lee returned from London last week and said Mr Patten had told him increased democracy was a priority.

During talks with British leaders, Mr Lee and party deputy vice-chairman Dr Yeung-sum were told that Mr Patten was also examining ways to appoint directly-elected members to the Executive Council—Hong Kong's supreme policy making body.

Mr Goodlad said: "Having won the election a few weeks ago, the policy of the government towards Hong Kong will essentially be one of continuity," he said.

He said he expected to raise a number of issues with Zhou Nan, head of the XINHUA NEWS AGENCY in Hong Kong and China's chief spokesman in Hong Kong, when they meet tomorrow.

He refused to confirm that democracy was on the agenda.

"I plan to raise a number of issues with Mr Zhou Nan, but I will elaborate on them after I have spoken to him and not before," he said.

Mr Goodlad's itinerary today includes discussions with the present Governor, Lord Wilson, and a meeting with the leader of the British Joint Liaison Group, Tony Galsworthy.

This afternoon he will visit the scene of the robbery and grenade attack at Tai Kok Tsui after a helicopter visit to the Chek Lap Kok airport site and hold talks with police on the rising crime rate.

Legislative Council in-house convenor Elsie Tu will meet him at 5 pm.

Talks with Executive Council members, members of the Co-operative Resources Centre, and Mr Zhou are scheduled for tomorrow.

Article on 'Countdown to 1997' Report Noted

HK2405013192 *Beijing ZHONGGUO XINWEN SHE*
in Chinese 0551 GMT 20 May 92

[Text] Beijing, 20 May (ZHONGGUO XINWEN SHE)—A few days ago, FAZHI RIBAO [LEGAL NEWS DAILY] carried an article entitled "Commenting on the Report 'Countdown to 1997,'" refuting the "violation of law" noted in the report. It stated that as "international lawyers," those "jurists" went so far as to neglect the basic principle of international law by wantonly interfering in Hong Kong's affairs, and that all their criticisms of China and Britain were meant to obstruct China from resuming sovereignty over Hong Kong.

It is said that the "Report 'Countdown to 1997'" was written by a delegation consisting of several international lawyers after conducting a 10-day investigation trip to Hong Kong last June, during which it studied several documents regarding the transfer of Hong Kong's sovereignty.

FAZHI RIBAO refuted "Report" statements, such as the remarks that "Sino-British talks neglected the Hong

Kong people's human rights," and the "Joint Declaration does not confer on Hong Kong people the right of self-determination, and, therefore, obviously violates international law."

The article maintained that it is untrue to say that the "Sino-British talks neglected the Hong Kong people's human rights." It said that the Joint Declaration published after talks between China and Britain and the memorandum they exchanged state that both China and Britain attach great importance to the Hong Kong people human rights. The memorandum states that "all Hong Kong Chinese compatriots, whether they are holders of the 'British Dependent Territories Citizens Passport' or not, are Chinese nationals." According to Joint Declaration specifications, the Hong Kong Special Administrative Region [SAR] enjoys a high degree of autonomy, which includes administrative, legislative, independent judicial, and final adjudication powers. Regarding the Hong Kong compatriots' civil rights, the Joint Declaration states that "rights and freedoms, including those of the person, speech, the press, assembly, association, travel, movement, correspondence, strike, choice of occupation, academic research, and religious belief will be ensured by law in the Hong Kong SAR." It also stipulates that "private property, ownership of enterprises, legitimate right of inheritance, and foreign investment will be protected by law." The Hong Kong SAR Basic Law specifications regarding the high degree of autonomy Hong Kong is to enjoy and regarding the Hong Kong compatriots' civil rights ensure that the promises in the Sino-British Joint Declaration made by the Chinese Government regarding Hong Kong's autonomy and civil rights will be carried out [de yi shi shi 1779 0110 1395 2457]. In view of this, the statement that the Sino-British talks neglected the Hong Kong people's human rights is out of keeping with the facts.

The article maintained: The statement that the Sino-British Joint Declaration "does not confer on the Hong Kong people the right of self-determination" is not false. The Joint Declaration only specifies that the Hong Kong SAR will enjoy a high degree of autonomy, not the right of self-determination. This stands to reason because the rights of self-determination and autonomy are fundamentally two different concepts. Autonomy is a power conferred on the local government by the central government to proceed with self-administration; and the high degree of autonomy to be enjoyed by the Hong Kong SAR comes under this kind of local autonomous power. However, the right of self-determination is different. It refers to the right by which an oppressed nation determines its fate until it breaks away freely and establishes independence.

The article said: Hong Kong was seized through unfair treaties in British aggressive wars against China in the last century. In line with the spirit of international law, illegal invasion and occupation of another country's territory by means of unjust war is void, and so are treaties made under the threat of force. New China has never acknowledged this kind of unequal treaty, nor has

it acknowledged that Hong Kong is a British colony. Moreover, China never has had a Hong Kong nation, but only the Chinese nation. Hong Kong compatriots are members of the Chinese nation as well as Chinese citizens. The article pointed out: Since Hong Kong is neither a colony nor a nation, why the right of self-determination?

Finally, the article said that those "lawyers" who made the "report" wish Britain to practice the so-called "citizens' self-determination" in Hong Kong, as it used to handle its former colonies, in an attempt to use this as an excuse to continuously keep Hong Kong under British rule and to obstruct China from resuming sovereignty over Hong Kong. Unfortunately, Hong Kong's future is no longer subject to new talks, and the Sino-British Joint Declaration will not be rewritten. China is going to resume sovereignty over Hong Kong soon and this cannot be obstructed by any force.

Teargas Used To Quell Riot at Boat People Camp

HK2305063392 Hong Kong THE STANDARD
in English 22 May 92 p A-1

[By Joe Wong]

[Text] Police early today fired about 60 rounds of teargas in a bid to quell a riot at the Tai A Chau detention centre after hundreds of inmates set fires and hurled stones at guards in protest against the arrest of four men.

More than 100 Viets hid in bushes on a nearby hillside and tension was running high earlier today, forcing police to cordon off the area.

They will attempt to flush the Viets out this morning.

The disturbance broke out at the Lantau island detention centre at about 7 pm when police arrested four drunk men for allegedly causing trouble.

Police said the arrests angered a gathering of about 300 inmates who demanded the release of the men.

When police refused, more inmates joined in, setting guards' huts alight and throwing stones at officers guarding them, police said.

Ten police launches sped to the scene and fired about 60 rounds of teargas to restore order. A police sergeant was hit with a flying rock.

The extent of damage to buildings was not immediately known.

"Actually, the situation (in the camp) is a little bit quieter, but there are troublemakers scattered on the hillside," a police spokesman said.

Many police officers were brought in by helicopter and on some of the 10 police launches.

The situation worsened as police reinforcements arrived, bringing the number of officers to nearly 200. Unconfirmed reports said about 1,000 Vietnamese were involved in the rioting.

Tai A Chau houses 9,544 Vietnamese boat people.

The incident came nearly four months after a riot and fire on 3 February between northern and southern Chinese at the Sek Kong detention centre. Twenty-four inmates died.

An inquiry ordered by the Governor, Lord Wilson, said the extent of the violence could have been averted with more effective action by Hong Kong's overstretched police department.

Tension has been running high in the camps since an agreement last October paving the way for a second round of mandatory repatriations.

The agreement was sealed last week with a deal between Vietnam, Britain and Hong Kong to send home the 55,000 boat people classed as economic migrants.

Hunger Strikers Demand To See UN Official

*HK2405055092 Hong Kong SOUTH CHINA
MORNING POST in English 23 May 92 p 3*

[By Fiona MacMahon]

[Text] Hunger strikers at Chi Ma Wan have threatened to carry on until the chief of the United Nations High Commissioner for Refugees (UNHCR) holds a meeting with them.

But Mr Robert Van Leeuwen said he would not see anyone while they were on hunger strike and urged the boat people to give up their protest.

Since Monday, 65 Vietnamese boat people—35 from Chi Ma Wan and the rest from Nei Kwu Chau—have been on hunger strike in a bid to voice their opposition to the mandatory repatriation deal signed with Hanoi last week.

Last night, seven of them were in Queen Elizabeth Hospital—six in fair condition and one in satisfactory condition—and eight in camp clinics.

In a letter, the 35 from Chi Ma Wan plead with Mr Van Leeuwen to visit the camp on Lantau and meet them.

"We would like to have a chance to see you, then we could explain directly the feeling of unfairness with the screening process and the good reasons why we cannot return to the Vietnamese communist regime in safety and dignity.

"Only you, as the head of the UNHCR, have enough power and prestige to answer us," the letter said.

"We are going on hunger strike until you come to see us."

Mr Van Leeuwen said: "I am very happy to speak to anyone that asks but not while they are on hunger strike."

He said he "did not want to encourage people to harm themselves by going on hunger strike".

Yesterday, demonstrations were held by more than 1,000 Vietnamese from Nei Kwu Chau and Chi Ma Wan, and 8,000 in Whitehead, to voice their opposition to the prospect of being forced back to Vietnam.

The Government has made it clear the first group of about 60 boat people to be mandatorily repatriated will come from Nei Kwu Chau where all of the 412 people in the camp have been screened out.

After Nei Kwu Chau it is most likely the Government will turn to Chi Ma Wan, the first detention centre opened in 1988, where almost everyone has been screened out.

Refugee Co-ordinator Mr Clinton Leeks was determined not to be blackmailed by the hunger strikers although he promised their situation would be monitored carefully.

"It is sad to see people making such pointless protests and potentially harming themselves," he said.

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